5070. Also, petition of Thomas F. Roach, of the Fitzsimons General Hospital, Denver, Colo., favoring the passage of the Rankin bill; to the Committee on World War Veterans' Legislation.

5071. Also, petition of Patrick J. Ryan, of the United States veterans' hospital, Castle Point, N. Y., favoring the passage of the Rankin bill; to the Committee on World War Veterans' Legislation.

5072. Also, petition of William F. Scannekk Chapter, No. 6, S. A. V., Liberty, N. Y., favoring the passage of House bill 8134, Senate bill 860, and the Rankin bill; to the Committee on World War Veterans' Legislation.

5073. By Mr. SCHNEIDER: Petition of voters of Appleton, Wis., urging that the Civil War pension bill carrying the rates proposed by the National Tribune be brought to a vote promptly; to the Committee on Invalid Pensions.

5074. By Mr. SELVIG: Petition of Woman's Civic Club, of Warroad, Minn., Mrs. P. W. Chase, secretary, urging enactment in this session of Congress of the Jones-Cooper bill to assist in lowering infant death rate; to the Committee on Interstate and Foreign Commerce.

5075. Also, petition of C. M. Ness, A. R. Olsted, and 27 other residents of Erskine, Minn., supporting the President's attitude toward the London conference in the interest of the reduction of armaments and movement toward world peace; to the Committee on Naval Affairs.

5076. Also, petition of Fisher Chapter, Isaak Walton League, Henry J. Widenhoefer, secretary, urging the passage of House bill 6981, the purpose of which is to save the Superior National Forest; to the Committee on the Public Lands.

5077. Also, petition of the Simonson-Butcher Post, No. 26, at Ada, Minn., unanimously in favor of immediate passage of House bill 2562, increasing pension rates to veterans of Spanish-American War; to the Committee on Pensions.

5078. Also, petition of A. Remark, Lloyd J. Hetland, and 53 other citizens of Ada, Minn., urging the Congress to enact House bill 2562, to increase pension rates for veterans of the Spanish-American War; to the Committee on Pensions.

5079. By Mr. SPROUL of Illinois: Petition of 70 residents of Cook County, Ill., urging the enactment of Senate bill 476 and House bill 2562; to the Committee on Pensions.

5080. Also, petition of Delmar E. Lee and 72 other residents of Robbins, Ill., urging the enactment of increased rates of pensions for the men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

5081. By Mr. SWICK: Petition of Mrs. E. J. Shremp, president, and Mrs. D. A. Kornnel, secretary Women's Christian Temperance Union of Rochester, Beaver County, Pa., urging the enactment of a law for the Federal supervision of motion pictures, establishing higher standards for films that are to be licensed for interstate and international commerce; to the Committee on the Judiciary.

5082. By Mr. SWING: Petition of 404 residents of the eleventh congressional district of California, in support of House bill 7884, to prohibit experiments upon living dogs; to the Committee on the District of Columbia.

5083. Also, petition of 78 residents of Fullerton, Calif., urging the restriction of foreign immigration—particularly common labor from Mexico; to the Committee on Immigration and Naturalization.

5084. By Mr. WHITEHEAD: Petition of William H. Ringstaff and others, of Danville, Va., urging the enactment of House bill 2562, for increase of pensions to Spanish-American War veterans; to the Committee on Pensions.

SENATE

WEDNESDAY, *February 26, 1930*

(Legislative day of Monday, January 6, 1930)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Brookhart	Fess	Grundy
Ashurst	Broussard	Fletcher	Hale
Baird	Capper	Frazier	Harris
Barkley	Caraway	George	Harrison
Bingham	Connally	Glass	Hastings
Black	Copeland	Glenn	Hatfield
Blaine	Couzens	Goff	Hawes
Blease	Cutting	Goldsborough	Hayden
Borah	Dale	Gould	Hebert
Bratton	Dill	Greene	Heflin
Howell	Norris	Sheppard	Townsend
Johnson	Nye	Shortridge	Trammell
Jones	Oddie	Simmons	Tydings
Kean	Overman	Smith	Vandenberg
Keyes	Patterson	Smoot	Wagner
La Follette	Phipps	Steck	Walcott
McCulloch	Pine	Steiwer	Walsh, Mass.
McKellar	Pittman	Stephens	Walsh, Mont.
McNary	Ransdell	Sullivan	Waterman
Metcalf	Robinson, Ind.	Swanson	Watson
Moses	Robsion, Ky.	Thomas, Idaho	Wheeler
Norbeck	Schall	Thomas, Okla.	

Mr. SHEPPARD. I desire to announce that the junior Senator from Utah [Mr. KING] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

I also desire to announce the necessary absence of the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED], who are delegates from the United States to the Naval Arms Conference meeting in London, England.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is unavoidably absent. This announcement may stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Commerce:

Joint Resolution 1, Laws of 1930—Assembly Joint Resolution 2

STATE OF NEW JERSEY.

Introduced January 20, 1930, by Mr. Bucino. Referred to Committee on Federal Relations

Assembly joint resolution urging the Congress of the United States of America to authorize and direct the United States Shipping Board to sell all those properties situated in the city of Hoboken, N. J., consisting of docks, piers, warehouses, wharves, and terminal equipment and facilities, including all leaseholds, easements, rights of way, riparian rights, and other rights, estates and interests therein and appurtenant thereto, which were acquired by the proclamation of the President of the United States without the assent or approval of the State of New Jersey

Whereas those docks, piers, warehouses, wharves, and terminal equipment and facilities located in the city of Hoboken, N. J., and belonging to the North German Lloyd Dock Co. and the Hamburg-American Line Terminal Navigation Co., two private corporations of the State of New Jersey, were seized as enemy-owned properties by the United States of America shortly after the declaration of war against the Imperial German Government on April 6, 1917, and were thereafter operated by the War Department of said United States of America as a port of embarkation and for other War Department purposes until January 1, 1921; and—

Whereas under the provisions of "An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes," approved March 28, 1918 (40 Stat. 459), the President was

"Authorized to acquire the title to the docks, piers, warehouses, wharves, and terminal equipment and facilities on the Hudson River now owned by the North German Lloyd Dock Co. and the Hamburg-American Line Terminal & Navigation Co., two corporations of the State of New Jersey, if he shall deem it necessary for the national security and defense: *Provided*, That if such property can not be procured by purchase then the President is authorized and empowered to take over for the United States the immediate possession and title thereof. If any such property shall be taken over as aforesaid, the United States shall make just compensation therefor to be determined by the President. Upon taking over of said property by the President, as aforesaid, the title to all such property so taken over shall immediately vest in the United States: *Provided further*, That section 355 of the Revised Statutes of the United States shall not apply to any expenditures herein or hereafter authorized in connection with the property acquired"; and

Whereas by proclamation dated June 28, 1918 (40 Stat. 1804), after reciting foregoing provision of law and pursuant thereto, the President declared—

"Now, therefore, I, Woodrow Wilson, President * * * do hereby determine and declare that the acquisition of title to the foregoing docks, piers, warehouses, wharves, and terminal equipment and facilities is necessary for the national security and defense, and I do hereby take over for the United States of America the immediate possession and title thereof, including all leaseholds, easements, rights of way, riparian rights and other rights, estates and interests therein or appurtenant thereto.

"Just compensation for the property hereby taken over will be hereafter determined and paid"; and

Whereas by proclamation dated December 3, 1918 (40 Stat. 1914), after reciting the act of March 28, 1918, and his proclamation of June 28, 1918, the President declared—

"Now, therefore, I, Woodrow Wilson, President * * * do hereby determine and declare that the just compensation for the property in and by the said proclamation of June 28, 1918, expropriated for the United States of America is the sum of $7,146,583; and I do hereby order and direct that compensation for the same, aggregating said amount of $7,146,583, be made out of the money appropriated by the act approved December 15, 1917, entitled 'An act making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1918, and for other purposes' * * * to the parties and in the amounts set forth in the schedule marked A, hereto annexed; * * *.

"And I do hereby further order, direct, and require under the authority delegated to me by section 6, subsection c, of the trading with the enemy act, approved October 6, 1917, that the sum of money specified in said schedule which I determined to be payable to the North German Lloyd, a corporation of the free and Hanseatic city of Bremen in the German Empire, be paid over to the Alien Property Custodian appointed under the provisions of said trading with the enemy act, the same to be held by him subject to the provisions of the said act.

* * * * * * *

SCHEDULE A

* * * * * * *

"I. In respect of the following property:

(Here follows a description by metes and bounds of the property of the Hamburg-American Line Terminal & Navigation Co., which was expropriated.)

* * * * * * *

"To the Hamburg-American Line Terminal & Navigation Co., a corporation of the State of New Jersey, the sum of $2,314,887, to be paid to said Hamburg-American Line Terminal & Navigation Co. upon satisfaction of the record of all liens by way of mortgage, judgment, or otherwise existing on, and all taxes and assessments due and exigible upon the foregoing premises, or any part thereof, and the 28th day of June, 1918.

"II. In respect of the following properties:

(Here follows a description by metes and bounds of the properties of the North German Lloyd Dock Co. which were expropriated.)

* * * * * * *

"To the North German Lloyd Dock Co., a corporation of the State of New Jersey, in respect of its reversion, the sum of $1.

"To the North German Lloyd, a corporation of the free and Hanseatic city of Bremen in the German Empire, $4,831,705, less $47,500, interest paid to the said Prudential Life Insurance Co. of America on account of the obligation of said North German Lloyd, namely, $4,784,205 to be paid to A. Mitchell Palmer, Alien Property Custodian, appointed under the provisions of the trading with the enemy act, the same to be held by him subject to the provisions of said act, as directed in the foregoing and annexed proclamation said sum of $4,784,205 to be chargeable with the payment and satisfaction of all liens, by way of mortgage, judgment, or otherwise, existing on, and all taxes and assessments due and exigible on, the foregoing premises or any part thereof, on the 28th day of June, 1918"; and

Whereas the War Department retained custody and control of these properties and operated them as an instrumentality of that department until the enactment by Congress of the Jones shipping bill, approved June 5, 1920 (41 Stat. 994, ch. 250, sec. 17), which specifically turned these properties over to the United States Shipping Board for operation as part of its facilities. As contained in the United States Code Annotated, title 46—Shipping, section 875, page 307, the last legislative enactment regarding these properties reads as follows:

"The board is authorized and directed to take over on January 1, 1921, the possession and control of, and to maintain and develop all docks, piers, warehouses, wharves, and terminal equipment and facilities, including all leaseholds, easements, rights of way, riparian rights and other rights, estates, and interests therein or appurtenant thereto, acquired by the President by or under the act entitled 'An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes,' approved March 28, 1918.

"The possession and control of such other docks, piers, warehouses, wharves, and terminals, equipment, and facilities, or parts thereof, including all leasehold easements, rights of way, riparian rights, estates or interests therein or appurtenant thereto which were acquired by the War Department or the Navy Department for military or naval purposes during the war emergency may be transferred by the President to the board whenever the President deems such transfer to be for the best interest of the United States.

"The President may at any time he deems it necessary, by order setting out the need therefor and fixing the period of such need, permit or transfer the possession and control of any part of the property taken over by or transferred to the board under this section to the War Department or the Navy Department for their needs, and when in the opinion of the President such need therefor ceases the possession and control of such property shall revert to the board.

"None of such property shall be sold except as may be provided by law"; and

Whereas the expropriation of title to these properties by the United States of America, as aforesaid, and the assumption of control thereover were done without the consent of the State of New Jersey and over the protest of the city of Hoboken; and

Whereas the Government of the United States of America has, both while these properties were controlled and operated by the War Department as an instrumentality thereof and while the same have been under the control and operation of the United States Shipping Board, refused to pay taxes thereon to the city of Hoboken, the county of Hudson, or the State of New Jersey, or to reimburse either of them in any manner for loss of taxes sustained thereon; and

Whereas numerous efforts have been made by the Senators and Representatives in Congress from New Jersey during the last several sessions of same to have legislation passed by the Congress to give the city of Hoboken relief from its loss of taxes on these properties; and

Whereas heretofore all efforts in this behalf have failed; and

Whereas on November 18, 1929, Hon. OSCAR L. AUF DER HEIDE, a Representative in the Congress from the eleventh congressional district of the State of New Jersey, introduced in the House of Representatives in the Seventy-first Congress, first session, H. R. 5273, and on December 18, 1929, the Hon. HAMILTON F. KEAN, a United States Senator from the State of New Jersey, introduced in the Senate in the same Congress and same session S. 2757, identical bills, both providing that the United States Shipping Board be authorized and directed, for and on behalf of the United States, to sell these properties for the highest cash price, either in their entirety or in separate parcels, either by auction or by acceptance of sealed bids; and

Whereas the United States Shipping Board, through its chairman, the Hon. T. V. O'Connor, has indicated that it will recommend passage of these aforesaid bills and will approve the sale of the properties pursuant thereto; and

Whereas the continued nonpayment of taxes of these properties works a hardship on the taxpayers of said city of Hoboken and deprives the county of Hudson and the State of New Jersey of their share of the fair and reasonable taxes which these properties should bear; and

Whereas it is believed the above-mentioned measures now pending in Congress have excellent chances of passage during the present session: Now, therefore, be it

Resolved by the Senate and General Assembly of the State of New Jersey, 1. That the Congress of the United States be, and it is hereby, respectfully urged to enact appropriate legislation at the earliest practicable date authorizing and directing the United States Shipping Board to sell all those certain properties situated in the city of Hoboken, N. J., consisting of docks, piers, warehouses, wharves, and terminal equipment and facilities, including all leaseholds, easements, rights of way, riparian rights and other rights, estates and interests therein or appurtenant thereto, which were acquired by the proclamation of the President of the United States, without the assent or approval of the State of New Jersey, under the provisions of an act of Congress, entitled "An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1918, and prior fiscal years, on account of war expenses, and for other purposes," approved March 28, 1918, and acts amendatory thereof and supplemental thereto; such appropriate legislation being provided for in H. R. 5273 (71st Cong., 1st sess.), introduced in the House of Representatives on November 18, 1929, by Hon. OSCAR L. AUF DER HEIDE, a Representative in the Congress from the eleventh congressional district of the State of New Jersey, and S. 2757, introduced in the Senate of the United States on December 18, 1929, by Hon. HAMILTON F. KEAN, a United States Senator from the State of New Jersey, both being entitled "A bill to authorize and direct the United States Shipping Board to sell certain property of the United States situated in the city of Hoboken, N. J.," and both providing that the said properties be sold, under the terms of said legislation, in order that they may be returned to the tax ratables of said city of Hoboken.

2. That in addition to the official notification of the passage of this resolution, the secretary of the State of New Jersey furnished certified copies of this resolution to each of the following officials of the United States: The President, the Vice President, the clerk of the Senate, the Speaker of the House of Representatives, the Clerk of the House of Representatives, the two United States Senators from New Jersey, to the several Representatives in Congress from this State, the chairman of the United States Shipping Board, the chairman of the Commerce Committee of the United States Senate, and the chairman of the Committee on Merchant Marine and Fisheries of the House of Representatives.

3. This joint resolution shall take effect immediately.

Approved February 24, 1930.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Joseph F. S. Fitzpatrick, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of a joint resolution passed by the legislature of this State, and approved by the governor, the 24th day of February, A. D. 1930, as taken from and compared with the original now on file in my office.

In testimony whereof, I have hereunto set my hand and affixed my official seal at Trenton, this 25th day of February, 1930.

[SEAL.] JOSEPH F. S. FITZPATRICK,
Secretary of State.

Mr. JONES presented resolutions adopted by the Associated Women Students of the State College of Washington, of Pullman; the Cashmere Woman's Club, of Cashmere; the Pullman Woman's Club, of Pullman; the Tampico Woman's Club, of Yakima; the Fortnightly Club of Pullman, of Pullman; the Woman's Club of Tacoma, of Tacoma; the Garfield Woman's Club, of Garfield; the Women's Club of Parker, of Parker; the Auburn Woman's Club, of Auburn; the Aloha Club, of Tacoma; the Everett Current Events Club, of Everett; the Kensington Club, of Clarkston; the Narcissa Whitman Club, of Asotin; the Wauna Club, of Asotin; the Walla Walla Art Club, of Walla Walla; the Half Moon Woman's Club, of Buckeye; the St. Helens Club, of Chehalis; the Woman's Club of Stella, of Stella; the Wednesday Club, of Spokane; the Woman's Club, of White Bluffs; the Civic Improvement League, of Brewster; the Social and Study Club, of Everett; the Philomathic Club, of Waterville; the Athenaeum Club, of Spokane; the Naches Heights Woman's Club, of Yakima; the Sunnyside Woman's Club, of Sunnyside; the Thorp Home Economics Club, of Thorp; the Woman's Rural Club of Wynooche Valley, of Montesano; the Napavine Woman's Club, of Napavine; the Classic Culture Club, of Seattle; the Pullman Historical Club, of Pullman; the Round Robin Study Club, of Longview; the Delphian Culture Club, of Walla Walla; the Lowell Progressive Club, of Lowell; the Alpha Study Club, of Tacoma; the Cary Club, of Tacoma; the Longview Century Club, of Longview; the Longview Woman's Club, of Longview; the Chekola Community Club, of Yakima; the Women's Educational Club, of Walla Walla; the Seattle Club, of Seattle; the Woman's Club, of Ritzville; the Vancouver Woman's Club, of Vancouver; the Woman's Club of Kelso, of Kelso; the Chewelah Woman's Club, of Chewelah; the Elizabeth Forrest Day Club, of Dayton; the Sage Bush Sisters, of Grandview; the Athenarum Club, of Wapato; the Ahtanum Women's Club, of Yakima; the Current Events Club, of Spokane; the Sorosis Club, of Seattle; the Seattle Council of Administrative Women in Education, of Seattle; the Athenaeum Club, of Colville; The Coterie, of Seattle; the Woman's Progress Club of Wiley, of Yakima; the Grade Teachers' Club of Seattle; the Tuesday Study Club of Tukwila, of Tukwila; the Pasco Woman's Club, of Pasco; the Book Club, of North Bend; the Queen Anne Fortnightly, of Seattle; the Kalama Woman's Club, of Kalama; the Monroe Advance Club, of Monroe; the Reardon Woman's Club, of Reardon; the Woman's Progressive Club, of Sprague; the Ingleside Club, of Pullman; the Woman's Club, of Lind; the Review Club, of Aberdeen; the Ladies' Grotto Club, of Seattle; the P. L. F. Club, of Peshastin; the Northeastern District Federation of Women's Clubs; the Cultus Club, of Endicott; the Fortnightly Club, of Eatonville; the Xenodican Club, of Palouse; the Leavenworth Woman's Club, of Leavenworth; the North End Progressive Club, of Seattle; the Euclid Homemakers' Club, of Grandview; the Sacajawea Club, of Clarkston; the Manito Study Club, of Spokane; the Swastika Club, of Centralia; the Washougal Woman's Club, of Washougal; the Snoqualmie Falls Woman's Club, of Snoqualmie Falls; the Woman's Tuesday Club, of Seattle; the Women's Club, of Olympia; the Women's Civic Club, of Arlington; the Monday Civic Club, of Tacoma; the Progressive Club, of Waitsburg; the Progressive Literary Club, of Hoquiam; the Fortnightly Study Club, of Davenport; the Outlook Club, of White Swan; the Cosmopolitan Club, of Snohomish; the White Salmon Woman's Club, of White Salmon; the Friday Club, of Ellensburg; the Literary Civic Club, of Pe Ell; the Skokomish Home Economics Club, of Shelton; the Woman's Club of Sumas, of Sumas; the Get-Together Club, of Manette; the S. G. C. of Redmond; the Fine Arts Club, of Everett; the Avon Study Club, of Tacoma; the Home Study Club, of Tenino; the Pateros Civic League, of Pateros; the Arequipa Club, of Tacoma; the Presidents Council, of Spokane; the Woman's Study Club, of Woodland; the Pennsylvania Study Club, of Seattle; the Illahee Study Club, of Tacoma; the Klickitat Woman's Club, of Klickitat; the Lowell Book Club, of Lowell; the Omak Country Club, of Omak; the Ladies' Literary Club, of Spokane; the Russell Creek Home and Community Club, of Walla Walla; the Young Mothers' Club, of Aberdeen; the Davenport Study Club, of Davenport; the Woman's Club, of Prosser; the Rosalma Club, of Yakima; the Ladies' Fortnightly Club, of Gig Harbor; the Tacoma Woman's Study Club, of Tacoma; the Snoqualmie Valley Study Club, of Fall City; the Rosalia Study Club, of Rosalia; the Cosmopolitan Club, of Tacoma; the Seattle Welchwoman's Club, of Seattle; the Woman's Association, of Goldendale; the Seattle Federation of Women's Clubs, of Seattle; the Nisiniaha Club, of Cosmopolis; the Tilicum Club, of Cheney; the Victoria Martin Lodge, No. 282, Order Daughters of St. George, of Seattle; the Woman's Club, of Neppel; the "Decouvrir," of Seattle; the Women's Community Club, of Lamont; the Woman's Book Club, of Everett; the Women's Advancement Club, of Zillah; the Nokomis Club, of Redmond; the Fortnightly Study Club, of Spokane; the Tuesday Study Club, of Tacoma; the Lyle Woman's Club, of Lyle; the First Washington Chapter Service Star Legion, of Spokane; the Woman's Club of Spokane, of Spokane; the Michigan Club; the Progressive Democratic Club, of Spokane; the Sorosis Club of Spokane, of Spokane; the Clara Barton Fortress, No. 6, N. D. of the G. A. R., of Spokane; The Questers, of Spokane; the Jewish Council of Women, of Spokane; the Gordon Chapter, Daughters of the British Empire in the United States, of Spokane; and the Clionian Club, of Seattle, all branches of the Federation of Women's Clubs in the State of Washington, favoring the prompt ratification of the proposed World Court protocol, which were referred to the Committee on Foreign Relations.

Mr. SHEPPARD presented a petition of sundry citizens of Calvert, Tex., praying for the passage of legislation granting increased pensions to Spanish War veterans, which was ordered to lie on the table.

Mr. VANDENBERG presented a resolution adopted by the Common Council of the City of Saginaw, Mich., favoring the passage of legislation for the appropriate observance and commemoration of October 11 of each year in honor of Brig. Gen. Casimir Pulaski, Revolutionary War hero, which was referred to the Committee on the Library.

PERMANENT NATIONAL VETERANS' COUNCIL

Mr. VANDENBERG. Mr. President, a new and important group of executives of veterans' organizations came together yesterday at Washington. It is a cross section of the country's practical patriotism speaking through the chosen leaders of American veterans. I ask unanimous consent to insert in the RECORD a brief statement of the form and purposes of the Permanent National Veterans' Council.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Gen. Edwin J. Foster, commander in chief Grand Army of the Republic, who was elected to-day chairman of the Permanent National Veterans' Council, consisting of the national commanders and commanders in chief of the Grand Army of the Republic, United Spanish War Veterans, Veterans of Foreign Wars of the United States, and the Disabled American Veterans of the World War, issued the following statement as to the purposes and aims of the new organization:

"The council is organized for the love of the country and the mutual benefit of all veterans of all wars. In doing this our purpose is to coordinate our activities in fundamentals.

"The veterans of all organizations have the same basic viewpoint on matters of national defense, disarmament, and the adequate relief for the disabled and the needy, and it is to this end that our council will meet periodically to discuss and coordinate our activities.

"The council is organizing for these particular purposes only, and for no other."

Those present at the meeting were: Gen. Edwin J. Foster, of Worcester, Mass., commander in chief of the Grand Army of the Republic; Col. Rice W. Means, representing the commander in chief of the United Spanish War Veterans; Fred W. Green, of Ionia, Mich.; Hezekiah N. Duff, Lansing, Mich., commander in chief of the Veterans of Foreign Wars of the United States; and William J. Murphy, of Santa Ana, Calif., national commander of the Disabled American Veterans of the World War.

The following permanent officers of the council were elected: Gen. Edwin J. Foster (Grand Army of the Republic), permanent chairman; William J. Murphy (Disabled American Veterans), vice chairman; Edwin S. Bettelheim, jr. (Veterans of Foreign Wars), secretary.

REPORTS OF COMMITTEES

Mr. BLACK, from the Committee on Claims, to which was referred the bill (S. 517) for the relief of Arch L. Gregg, reported it without amendment and submitted a report (No. 223) thereon.

Mr. DALE, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (H. R. 8143) granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near Pocahontas, Ark. (Rept. No. 224); and

A bill (H. R. 8423) granting the consent of Congress to the State of Minnesota, or any political subdivision thereof, to con-

struct, maintain, and operate a bridge across the Mississippi River at or near Topeka, Minn. (Rept. No. 225).

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 8559) to authorize the incorporated town of Cordova, Alaska, to issue bonds for the construction of a trunk sewer system and a bulkhead or retaining wall, and for other purposes, reported it without amendment.

Mr. CARAWAY, from the Committee on Claims, to which was referred the bill (S. 1748) for the relief of the Lakeside Country Club, reported it without amendment and submitted a report (No. 226) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2113) to aid in effectuating the purposes of the Federal laws for promotion of vocational agriculture, reported it without amendment and submitted a report (No. 227) thereon.

Mr. McMASTER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 7881) authorizing the Secretary of the Interior to erect a monument as a memorial to the deceased Indian chiefs and ex-service men of the Cheyenne River Sioux Tribe of Indians, reported it with an amendment and submitted a report (No. 228) thereon.

CODIFICATION OF INTERNATIONAL LAW

Mr. BORAH. From the Committee on Foreign Relations, I report back favorably with an amendment the joint resolution (H. J. Res. 223) to provide for the expenses of participation by the United States in the International Conference for the Codification of International Law in 1930. The amendment substitutes $25,000 for $50,000. I ask for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered as in Committee of the Whole.

The amendment was, on page 1, line 3, after the words "sum of," to strike out "$50,000" and insert "$25,000," so as to make the joint resolution read:

Resolved, etc., That the sum of $25,000, or so much thereof as may be necessary, is hereby authorized to be appropriated for the expenses of participation by the United States by means of delegates to be appointed by the President in the International Conference for the Codification of International Law, to be convened at The Hague in March, 1930, including travel and subsistence or per diem in lieu of subsistence (notwithstanding the provisions of any other act), compensation of employees, stenographic, and other services in the District of Columbia or elsewhere by contract if deemed necessary, rent of offices, purchase of necessary books and documents, printing and binding, official cards, and such other expenses as may be authorized by the Secretary of State.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

REPORT OF POSTAL NOMINATIONS

Mr. PHIPPS, as in open executive session, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FESS:

A bill (S. 3716) granting a pension to Bertha Hart (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3717) to authorize the sale of certain lands to the city of Portland for the protection of the sources of its water supply; to the Committee on Public Lands and Surveys.

A bill (S. 3718) granting a pension to Emma L. Arant (with accompanying papers); and

A bill (S. 3719) granting an increase of pension to Minnie R. Commons (with accompanying papers); to the Committee on Pensions.

By Mr. GRUNDY:

A bill (S. 3720) granting an increase of pension to Margaret Campion (with accompanying papers); to the Committee on Pensions.

By Mr. GRUNDY (for Mr. REED):

A bill (S. 3721) for the relief of the Valley Forge Military Academy (Inc.);

A bill (S. 3722) to provide for the commemoration of the fight at Jumonville Camp, Pa.; and

A bill (S. 3723) to provide for the commemoration of the Battle of Fort Necessity, Pa.; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 3724) for the relief of James G. Gott; to the Committee on Claims.

A bill (S. 3725) for the payment of claims of citizens of the United States against the Republic of Mexico; to the Committee on Foreign Relations.

By Mr. COPELAND:

A bill (S. 3726) for the relief of the owner of the American steam tug *Charles Runyon;*

A bill (S. 3727) for the relief of the owners of cargo laden aboard the United States transport *Florence Luckenbach* on or about December 27, 1918; and

A bill (S. 3728) for the relief of the owner of barge Consolidation Coastwise *No. 10;* to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 3729) for the relief of Harold E. Mitchell; to the Committee on Claims.

By Mr. STEPHENS:

A bill (S. 3730) granting a pension to William W. Merritt; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3731) granting a pension to Anna R. Unger (with accompanying papers); and

A bill (S. 3732) granting an increase of pension to Alice Howard (with accompanying papers); to the Committee on Pensions.

By Mr. DALE:

A bill (S. 3733) granting an increase of pension to Anna P. Fuller (with accompanying papers); to the Committee on Pensions.

By Mr. GREENE:

A bill (S. 3734) to authorize appropriations for Field Artillery instruction activities; and

A bill (S. 3735) to authorize appropriations for instruction activities of the Infantry, Cavalry, and Coast Artillery; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 3736) granting an increase of pension to Matilda A. Riggs (with accompanying papers); to the Committee on Pensions.

By Messrs. CUTTING, BRATTON, ASHURST, HAYDEN, SHEPPARD, and CONNALLY:

A bill (S. 3737) to authorize the coinage of silver 50-cent pieces in commemoration of the seventy-fifth anniversary of the Gadsden Purchase; to the Committee on Banking and Currency.

By Mr. WALSH of Massachusetts:

A bill (S. 3738) to authorize the Secretary of War to lend War Department equipment for use at the Twelfth National Convention of the American Legion at Boston, Mass., during the month of October, 1930; to the Committee on Military Affairs.

By Mr. ROBSION of Kentucky:

A bill (S. 3739) granting a pension to Joseph V. Carder; and

A bill (S. 3740) granting an increase of pension to Burnham Gibson; to the Committee on Pensions.

A bill (S. 3741) to extend the times for commencing and completing the construction of a bridge across the South Fork of the Cumberland River at or near Burnside, Pulaski County, Ky.;

A bill (S. 3742) to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Burnside, Pulaski County, Ky.;

A bill (S. 3743) to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Canton, Ky.;

A bill (S. 3744) to extend the times for commencing and completing the construction of a bridge across the Tennessee River at or near Eggners Ferry, Ky.;

A bill (S. 3745) to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Smithland, Ky.;

A bill (S. 3746) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Maysville, Ky.; and

A bill (S. 3747) to extend the times for commencing and completing the construction of a bridge across the Tennessee River at or near the mouth of Clarks River; to the Committee on Commerce.

By Mr. WATSON:

A bill (S. 3748) granting a pension to Lilly Long (with accompanying papers); to the Committee on Pensions.

By Mr. GRUNDY (for Mr. REED):

A joint resolution (S. J. Res. 145) to promote peace and to equalize the burdens and to minimize the profits of war; to the Committee on Military Affairs.

CHANGE OF REFERENCE

On motion of Mr. FRAZIER, the Committee on Indian Affairs was discharged from the further consideration of the bill (H. R. 5672) to abolish the Papago Saguaro National Monument, Ariz., to provide for the disposition of certain lands therein for park and recreational uses, and for other purposes, and it was referred to the Committee on Public Lands and Surveys.

AMENDMENTS TO THE TARIFF BILL

Mr. McNARY submitted an amendment intended to be proposed by him to House bill 2667, the tariff revision bill, which was ordered to lie on the table and to be printed, as follows:

On page 160, line 16, in Title I, Schedule 10, flax, hemp, jute, and manufactures of, in paragraph 1001, strike out the words "1½ cents per pound" and insert in lieu thereof the word "or," and in line 18, strike out the words "1 cent" and insert in lieu thereof the words "1½ cents," so that the paragraph will read:

"PAR. 1001. Flax straw, $3 per ton; flax, not hackled, or flax, hackled, including 'dressed line,' 3 cents per pound; flax tow, flax noils, and crin vegetal, twisted or not twisted, 1½ cents per pound; hemp and hemp tow, 1½ cents per pound; hackled hemp, 3 cents per pound."

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 2667, the tariff revision bill, which was ordered to lie on the table and to be printed, as follows:

On page 261, after line 10, insert the following new paragraph:

"PAR. —. Enameled upholstery leather, and bag, strap, and case leather, all the foregoing made from hides or skins of cattle of the bovine species."

Mr. WAGNER submitted an amendment intended to be proposed by him to House bill 2667, the tariff revision bill, which was ordered to lie on the table and to be printed, as follows:

On page 269, after line 3, to insert the following new paragraph:

"PAR. —. Spices and spice seeds:

"(1) Cassia, cassia buds, and cassia vera; cloves; clove stems; cinnamon and cinnamon chips; ginger root, not preserved or candied; mace; nutmegs; black or white pepper; and pimento (allspice); all the foregoing, if unground;

"(2) anise; caraway; cardamom; coriander; cummin; and fennel."

Mr. McKELLAR submitted amendments intended to be proposed by him to House bill 2667, the tariff revision bill, which were ordered to lie on the table and to be printed, as follows:

At an appropriate place insert the following as a separate section:

"The Secretary of Commerce is hereby directed to cause to be collected for the several customs districts statistics showing the movement of commerce through the ports in such districts in such manner as will indicate whether industries enjoying high protection under the tariff laws of the United States are utilizing American vessels to the greatest possible extent or are preferring foreign vessels, and to submit a report thereon annually to Congress."

Also, on page 192, line 14, to strike out, commencing with the words "plain basic paper," down to and including the words "ad valorem," on line 24, and to insert in lieu thereof "plain basic paper for albumenizing, sensitizing, baryta coating, or for photographic processes by using solar or artificial light, 3 cents per pound and 10 per cent ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, 3 cents per pound and 20 per cent ad valorem."

THE CATAWBA INDIANS OF SOUTH CAROLINA

Mr. BLEASE. Mr. President, I submit a resolution which I ask may be referred to the Committee on Indian Affairs.

The resolution (S. Res. 217) was read and referred to the Committee on Indian Affairs, as follows:

Whereas there is located on the Catawba River, 11 miles east of Rock Hill, S. C., the Catawba Indian Reservation, consisting of 652 acres of land, the tribe consisting of 38 families, 41 men, 38 women, and 93 children, making 172 Indians all told: Be it

Resolved, That the Committee on Indian Affairs be authorized and requested to investigate the conditions of the said Catawba Indians and report thereon with such recommendations as the committee may deem best for the interests of this tribe.

Mr. BLEASE. Mr. President, I also ask that a pamphlet containing a short history, together with three letters relating to those Indians, may be printed in the RECORD and referred to the Committee on Indian Affairs.

There being no objection, the pamphlet and letters were referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

HISTORY AND CONDITION OF THE CATAWBA INDIANS OF SOUTH CAROLINA

By H. Lewis Scaife, instructor of English, Trinity Hall, Louisville, Ky.

INTRODUCTORY

On the banks of the Catawba River, in York County, S. C., the survivors of the once powerful Catawba Nation still linger on ancestral ground. Though surrounded by influences which should be civilizing, they are no more fortunate than fellow tribes that were long ago driven to more primitive abodes. Perhaps the Catawba Indians are expected to voluntarily take advantage of opportunities within their reach, but is this not overestimating the capacity of an "inferior" people, when the Caucasian race itself must be spurred to self-improvement by compulsory education?

The Catawba Indians present a wonderful example of faithfulness and devotion to the American people, but history has never done them justice, nor has a full account of them appeared even in a newspaper or a magazine. Indeed, this people, which once made the woods of Carolina ring with the war-whoop as they went forth against the enemies of the early settlers, have been allowed to dwindle away unnoticed, until now the very fact of the existence of an Indian in South Carolina is, perhaps, not generally known, even in counties almost touching the Catawba Reservation. Recent historians of South Carolina fail to mention that descendants of the earliest known inhabitants of that State still reside within its borders, and school children are left in ignorance of this interesting fact. But the historians of America might well leave unnoticed the Catawba Indians, for, let the pen be handled ever so nicely, it would leave a blot on the pages of history. When the white man appeared, the savage glory of the Catawba Nation at once began to decline, the primeval forests were laid low, and the Indians were driven from the haunts they loved. The white man brought with him the Indian's death warrant, and the work of extermination has now been well-nigh accomplished. Since South Carolina began to be settled in 1682, the population of the Catawba Nation has been reduced more than 98 per cent. This tribe has bequeathed its name to the Catawba River; if they are allowed to become extinct, may the white man, at least, leave it unchanged to perpetuate a nation's memory; after the posterity of one of America's great aboriginal tribes has ceased, let the Catawba River bear the name of this ill-fated people to remind future generations of the white man that upon its banks, where factories will stand, another race, with no ambition for civilization, has fished and fought and passed away.

HISTORY

A recent publication of the Smithsonian Institution (Siouan Tribes of the East, by James Mooney) asserts that the origin and meaning of the word Catawba are unknown. In 1881 the Bureau of Ethnology collected a vocabulary of 10,000 words from the tribe of Indians bearing this name, and, after critical examination by experts, their language was pronounced unmistakably of Siouan stock. The home of the Sioux family is believed to have been at one time in the upper Ohio Valley, whence one branch migrated east and the other west, and Mr. Mooney says that linguistic evidence indicates that the eastern tribes reached the Atlantic slope long before the western reached the plains.

The historian Schoolcraft, in his Indian Tribes of North America, gives the full text of a traditionary account of the Catawba Indians which he found in an old manuscript preserved in the office of secretary of state of South Carolina. This document claims that the Catawbas were originally a Canadian tribe that was driven from its home by the Connewango Indians and the French about the year 1650; after telling of temporary settlements of the tribe in Kentucky and Virginia, it finally brings them to the Catawba River (Eswa Tavora) in South Carolina, where they engage in a fierce battle with the Cherokees, each side losing about 1,000 men. After the battle peace is declared, the Catawbas agreeing to settle on the northeast side of the river, while the Cherokees were to confine themselves to territory west of Broad River (called by the Indians Eswa Huppeday, or line river), the intervening country being neutral ground. Nation Ford, one mile north of the present reservation, is named as the scene of hostilities, and it is claimed that the Indians heaped up a great pile of stones on the spot to commemorate the battle. However, Mr. Mooney, in his Siouan Tribes of the East, discredits many of the details of this official paper, and he shows that the Catawbas, instead of being driven out of Canada in 1650, were found established near their present locality by Juan Pardo, a Spanish captain who made an expedition into the interior of South Carolina from St. Helena in 1567; he also points out the probability of their having been the Gauchule mentioned by De Soto's chroniclers.

At any rate, when South Carolina first began to be settled, the Catawba Nation was one of the most powerful and warlike tribes in the South. By right of savage manhood they controlled large territories in the two Carolinas, and in their strength they could successfully hold their ground against such formidable invaders as the Iroquois; while from Canada to the Gulf of Mexico "women trembled at the name of Hodenosanne" and the bravest warriors dreaded this foe. The Catawbas were not afraid to make expeditions even into the Iroquois country. Lawson, who visited the tribe in 1701, speaks of them as a powerful

nation, and he tells us that their villages were very thick; Adair states that one of their cleared fields extended seven miles, and a later writer says that at this time the tribe perhaps numbered 10,000 souls.

The customs and religious rites of the Catawbas were mostly like those of other Indians. Some of both of these, however, seem to have been more or less peculiar to themselves. Schoolcraft mentions that a branch of this tribe, which at one time lived near the mouth of Santee River, had a practice of binding the heads of their children so as to make their foreheads flat and their eyes protrude, which they claimed made them better hunters. It might be mentioned here, incidentally, that no trace of this practice or any of its hereditary effects can be found among them now. To darken their skins they oiled their bodies and then exposed them to the sun. Like other tribes, the Catawbas practiced the habit of plucking the beard. They used a comb set with rattlesnake teeth to scrape the affected part before applying medicines in cases of lameness, and scratching the shoulder of a stranger at parting was regarded by them as a very great compliment.

From the earliest times the Catawbas have been kindly disposed toward the white settler. They fought for him in the French and Indian War; they helped him to secure his independence from Great Britain; and more than once they marched under the Colonial flag against their own race. It is true that during the Yamasi war the Spaniards incited them to join the other Indian forces to crush the English settlers; but from this single instance of hostility the colonists must have suffered little at their hands, for no deeds of violence attributed directly to them are recorded. The Catawbas made ample reparation for their conduct on this occasion, and it was the first and last time that they ever revolted against the Carolinians.

In 1711, Colonel Barnwell, of South Carolina, was sent with a small force against the Tuscarora Indians, who had broken up the settlement of New Bern which had been made in North Carolina a few years before by Baron de Graffenried. More than 100 Catawba warriors accompanied Colonel Barnwell, and in prosecuting the expedition several of them were killed.

At the beginning of the French and Indian War Governor Dinwiddie, of Virginia, appealed to the Catawba Nation for aid. The Catawbas promptly agreed to join the colonial forces, but they were restrained from doing so by Governor Glenn, of South Carolina, who, having at heart their future welfare, reminded them that peace was their policy, as their ranks had already been thinned by war and that terrible scourge, smallpox, which was brought to America at an early date by the whites.

Soon, however, General Washington, then colonel in the British Army, discovered that the French were attempting to alienate the affections of the southern Indians, and he made repeated efforts to bring the Catawbas into his service. Washington complained to Governor Dinwiddie of "the magistrates in the back parts of Carolina, who were so regardless of the common cause as to allow 50 Catawbas to return, when they had proceeded near 70 miles on the march, for want of provisions and a conductor to entice them along." For this he was severely criticized by Governor Dinwiddie, who accused him of unmannerly conduct. Eventually the Catawbas went to the assistance of the Colonial Army, and for an account of the services they rendered the reader is referred to General Washington's correspondence.

In one of his letters Washington stated: "Unless we have Indians to oppose Indians, we can expect but small success." In another, from Fort Loudoun, he wrote to John Robinson, speaker of the House of Burgesses of Virginia: "Bullen, a Catawba warrior, has been proposing a plan to Captain Gist to bring in the Creek and Chickasaw Indians. If such a scheme could be effected by the time we march to Fort Duquesne, it would be a glorious undertaking and worthy of the man."

In 1757, when a large party of Cherokees who had been serving in the British Army against the French in the west and in the conquest of Fort Duquesne, were returning home through Virginia, some of the young warriors took possession of a number of horses belonging to the whites. The latter retaliated by killing several of the Indians who had so lately fought in their defense. This unwarranted conduct on the part of the whites incensed the whole Cherokee Nation, and to further arouse the Indians' spirit of revenge the garrison at Fort George butchered to a man 20 Cherokee hostages when they resisted being manacled. A serious Indian war was thus precipitated.

Once more in the time of sorest need the Catawba Nation came to the rescue and offered their services to the Governor of South Carolina. The Catawbas joined the forces under Col. James Grant, who immediately marched his army into the Cherokee country. The Battle of Etchoe, which followed, is thus referred to in Simm's History of South Carolina: "The auxiliary Indians of the army were brave experts, who answered the yells of the Cherokees in their own style and met them with like stratagem, and the result was the victory of the Carolinians after one of the fiercest battles with the red men on the records of America."

It is claimed that the first white man to permanently settle in the Catawba country was one Thomas Spratt, an Irishman, whose descendants still live in that section. When the Catawbas learned that Spratt was in the neighborhood, they went to him and asked him his business and where he was going; offering to give him their protection and all the land he wanted, they persuaded him to locate among them. It is said that on one occasion Spratt went to Charlotte, N. C., about 20 miles away, where he got on a spree and was put in jail. As soon as the Catawbas heard of his misfortune they marched in a body to the town, broke down the doors, and carried the prisoner home in triumph. Spratt fought through the Revolution and died at an old age in 1807.

Every nation venerates the memory of some great hero, and among the Catawbas this personage is King Haiglar, their most noted chief. The Catawbas might well be proud of Haiglar, and, though a monarch of a savage tribe, his character presents traits which must be admired by those who live in the higher conditions of life. The following story, which is no doubt true, well illustrates the character of the man:

"Once a Frenchman, who was a great fiddler, was traveling through the country. The Indians were charmed and looked in wonder at the box from which the mysterious music came. One of them was so infatuated that he lay in ambush and murdered the poor musician to get possession of the fiddle. The news spread and the whites appealed to Spratt for protection. He went to King Haiglar and laid the case before him. The king promised that justice should be done and blew a piercing blast on his hunting horn. Soon the Indians began collecting from every quarter, while the king stood alert with his rifle resting in the hollow of his arm. At length the guilty Indian appeared, carrying a dead deer upon his back. Without a word of warning King Haiglar raised his rifle and shot him through the heart. Thus was the poor musician's death avenged, and this is the only record of a white man ever having been murdered by a Catawba."

Another remarkable incident in Haiglar's life is the fact that he was probably the first person to present a temperance petition in the Carolinas. The following petition to Chief Justice Henley, dated May 26, 1756, has recently been found in the State archives of North Carolina:

"I desire a stop may be put to the selling of strong liquors by the white people to my people, especially near the Indians. If the white people make strong drink, let them sell it to one another or drink it in their own families. This will avoid a great deal of mischief, which otherwise will happen from my people getting drunk and quarreling with the white people."

Above all, King Haiglar was great in the affections of his people, and at his death no man could have been more sincerely mourned. The story of his assassination is thus told in Mill's Statistics of South Carolina:

"In the year 1762 seven Shawnese Indians penetrated into the Province and waylaid the road from the Waxhaws toward the old Catawba town on Twelve Mile Creek. King Haiglar was then returning home from the Waxhaws, attended by a servant, and was there shot and scalped by them; six balls penetrated his body. His servant escaped and gave notice, but they were pursued without success."

About the year 1764 a treaty between the Catawba Indians and the Province of South Carolina was made and signed at Augusta, Ga. This was probably the first treaty regarding their lands that the Catawbas made with the white people, and by the terms of it 144,000 acres of land on the Catawba River were confirmed to the tribe.

About the beginning of the Revolutionary War the tribe suffered from a severe epidemic of smallpox. Probably in imitation of a treatment formerly applied by the whites, the Catawbas, as soon as attacked by the disease, exposed their bodies to a very high temperature in a kind of oven and then jumped into the river. From its virulent type and their malpractice in treating it, hundreds of them are said to have fallen victims of the plague, and for a long time the woods were offensive with their dead bodies, which became the prey of dogs, wolves, and vultures.

During the Revolution the Catawbas rendered valuable assistance to the colonists. A company, consisting of 100 warriors of the tribe, under the command of Colonel Thompson, took part in the defense of Fort Moultrie; and besides being in a number of other battles, they were particularly useful throughout the war as guides, scouts, and runners. When Colonel Williamson marched against the hostile Cherokees, whom British emissaries had incited to commence a series of brutal massacres upon the frontiers of Carolina, a large number of Catawba warriors joined him and in this campaign several of them were killed. Toward the close of the war the entire tribe, except the members who were in active service in the American Army, were compelled by the British to seek refuge in Virginia, where they remained until after the Battle of Guilford Courthouse, in which some of the tribe took part.

In 1782 deputies from the Catawba Nation appealed to Congress to secure to the tribe certain tracts of land, so that it could not be "intruded into by force, nor alienated even with their own consent." Whereupon Congress passed the following resolution:

"*Resolved, etc.*, That it be recommended to the Legislature of the State of South Carolina to take such measures for the satisfaction and security of the said tribe as the said legislature shall, in their wisdom, think fit." (See Laws of the Colonial and State Governments Relating to Indians and Indian Affairs, from 1633 to 1831, inclusive, published by Thompson & Homans, of Washington, D. C., in 1832. Also see Brevard's Digest of the Laws of South Carolina, Vol. I, title 96, Indians.)

In 1791 General Washington had a conference with the Catawbas in what is now Lancaster County, S. C.; and in his diary, under date of May 27 of that year, he wrote: "At Mr. Crawford's I was met by some of the chiefs of the Catawba Nation, who seemed under apprehension that some attempts were being made, or would be made, to deprive them of a part of the 40,000 acres which was secured to them by treaty, and which was bounded by this road."

During the next 50 years several writers allude to the tribe: Finlay's American Topography, published in 1793, states that, though the Catawbas still retained their former courage, their numbers had greatly declined, and the author attributes the cause to the whites encouraging their thirst for intoxicants; Ramsay's History of South Carolina, published in 1809, tells us that of the 28 tribes of Indians inhabiting South Carolina when it began to be settled, all except the Catawbas had disappeared, and these were so generally addicted to habits of indolence and intoxication they were fast sinking into insignificance; in 1826 Mill's "Statistics of South Carolina" gave a more detailed account of the tribe, and it is from this authority that the following passage is taken:

"There are no other settlements, as villages, in the Yorkville district, except the Indian settlements on the Catawba River. These Indians have two towns; the most important is called Newtown, situated immediately on the river; the other is on the opposite side and is called Turkey Head. The Indian lands occupy an extent of country on both sides of the river equal to 180 square miles, or 115,200 acres. The most of this has been disposed of by them to the whites, in leases for 99 years, renewable. The rent of each plantation (about 300 acres) is from $10 to $20 per annum. The annual income from this source must be at least $5,000, which, if prudently managed, would soon place the Indians in a state of comfort; for the whole number of families does not exceed 30, or about 110 individuals. These wretched Indians, though they live in the midst of an industrious people and in an improved state of society, will be Indians still. They often dun for their rent before it is due, and the $10 or $20 received are spent in a debauch; poverty, beggary, and misery then follow for a year. Their lands are rich, but they will not work; they receive large sums as rent, but they can not save money. What a state of degradation is this for a whole people to be in, all the result of neglect of duty on our part as guardians of their welfare."

Some of the early acts of the Legislature of South Carolina mention the Catawba Indians, but these mostly refer to the purchase of skins and matters of insignificance. However, in 1839, after the subject had been before the house of representatives for 12 years, Governor Noble was authorized to appoint a commission to enter into negotiation with the tribe to cede their lands to the State, which up to this time the Catawbas were unwilling to do.

The following extracts are taken from the report of commissioners, which was made at the next session of the legislature:

"The Catawbas have leased out every foot of land they held in their boundary, the propriety and expediency of which we need not inquire. Some remonstrated against it, while others (with the Indians) contended they had a right so to do, and for the last few years they have been wandering through the country, forming kind of camps, without any homes, houses, or fixed residence, and destitute of any species of property save dogs and a few worthless horses, and they now seem desirous of having a tract of land on which they can again settle and build little houses, according to the number of families, and procure some cattle, hogs, and poultry, which they were once in the habit of owning, and your commissioners are of opinion $5,000 would purchase a tract of land sufficient for their accommodation in any place they may wish, and a mountainous, barren, thinly populated region might procure a considerable bounds, which might suit them best, and would recommend that their land should be secured in such a way that they should not have it in their power to again lease, sell, or parcel it out except it might become the desire of the tribe to remove to some distant place. Your commissioners would, with due deference, state, in behalf of the Catawba Indians, that probably they are entitled to some favor from the State or, at least, to its sympathy and kindness. Their chief (General Kegg) remarked that when they were a strong nation and the State weak they came to her support, and now when the State was strong and the Catawbas weak she ought to assist them.

"One of your commissioners stated from his own knowledge and recollection that during the Revolution they left the State, he thinks, for about 18 months, or at least removed their women and children to a place of greater safety, by which move they lost their stock and poultry and all such articles as they could not take with them, while in the meantime a number of their warriors were in active service in the American cause—several of them were in the battles of Guilford, Hanging Rock, and Eutaw; were in several scrimmages with the Tories, and were particularly useful, as guides, scouts, and runners, and never were known to be in a British or Tory camp. They have now lived in the midst of a dense population for more than half a century, and your commissioners all concur in testimony that they never have known or heard a dishonest charge made against a Catawba or their meddling with anything that did not belong to them, and have always been harmless, peaceable, and friendly, but (as is perhaps characteristic of Indians generally) they are indolent and improvident and seem to have little idea of laying up for their future wants, and your commissioners believe that if they would have agreed to have paid them in hand for each one to have used as he chose they might have effected a treaty for one-third or even one-fourth the amount. From a once populous tribe they dwindled down to 12 men, 36 women, and 40 young ones—boys, girls, and children; in all, 88; 9 of whom are counted with a family of Pamunkey Indians and it is believed will not be removed.

* * * * * * *

"It is not easy to ascertain with accuracy the amount of annual rents their lands have heretofore yielded. If the original survey is correct, their boundary contains 225 sections, which, at $10 each, would produce $2,250. Some of the lands have been leased at a much higher rate and some not so high, but the foregoing is as near the amount as we have the means of ascertaining, and their income has been rather a nominal one, having in a great many instances been badly paid in articles at high prices that often answered them but little purpose. It is believed that one-third the amount judiciously managed might have been made to do them more good. Your commissioners are of opinion that there are between 500 and 600 families now living on lands under lease from the Catawba Indians, and from 600 to 800 voters, and the lands have been divided and subdivided into various small tracts, of which transactions no regular record has ever been kept; it is a matter of wonder that the lessees have not got into more difficulty and litigation."

The following treaty, which was submitted by the commissioners, was ratified by an act of the legislature passed during the session of 1840:

"TREATY

"A treaty entered into at the Nation Ford, Catawba, between the chiefs and headmen of the Catawba Indians of the one part and the commissioners appointed under a resolution of the legislature, passed December, 1839, and acting under commissions from His Excellency Patrick Noble, Esq., Governor of the State of South Carolina, of the other part:

"ARTICLE FIRST. The chiefs and headmen of the Catawba Indians, for themselves and the entire nation, hereby agree to cede, sell, transfer, and convey to the State of South Carolina, all their right, title, and interest to their boundary of land lying on both sides of the Catawba Rivers, situated in the districts of York and Lancaster, and which are represented in a plat of survey of 15 miles square, made by Samuel Wiley and dated the twenty-second day of February, one thousand seven hundred and sixty-four, and now on file in the office of Secretary of State.

"ARTICLE SECOND. The commissioners on their part engage in behalf of the State to furnish the Catawba Indians with a tract of land of the value of $5,000.00, 300 acres of which is to be good arable lands fit for cultivation, to be purchased in Haywood County, North Carolina, or in some other mountainous or thinly populated region, where the said Indians may desire, and if no such tract can be procured to their satisfaction, they shall be entitled to receive the foregoing amount in cash from the State.

"ARTICLE THIRD. The commissioners further engage that the State shall pay the said Catawba Indians $2,500.00 at or immediately after the time of their removal, and $1,500.00 each year thereafter, for the space of nine years. In witness whereof the contracting parties have hereunto set their hands and affixed their seals this thirteenth day of March, Anno Domini one thousand eight hundred and forty, and in the sixty-fourth year of American independence.

(Signed) JOHN SPRINGS [L. S.], (signed) D. HUTCHISON [L. S.], (signed) E. AVERY [L. S.], (signed) B. L. MASSEY [L. S.], (signed) ALLEN MORROW [L. S.], (signed) JAMES KEGG, Gen. [L. S.] (his x mark), (signed) DAVID HARRIS, Col. [L. S.] (his x mark), (signed) JOHN JOE, Major [L. S.] (his x mark), (signed) WM. GEORGE, Capt. [L. S.] (his x mark), (signed) PHILIP KEGG, Lieut. [L. S.] (his x mark), J. D. P. CURRENCE for SAM SCOTT, SAML. SCOTT, Col. [L. S.] (his x mark, H. T. MASSEY for ALLEN HARRIS, ALLEN HARRIS, Lieu. [L. S.].

Witness of those two signatures."

Recorded 21st December, 1843.

OFFICE OF SECRETARY OF STATE,
Columbia, S. C., January 25, 1896.

I, D. H. Tompkins, secretary of state, certify the foregoing to be a true copy of a treaty made with the Catawba Indians, and recorded in this office in Vol. II of Miscellaneous Records, page 234.

Witness my hand to the great seal of State.

(Signed) D. H. TOMPKINS, *Secretary of State.*

The State, instead of procuring for the tribe a reservation in "Haywood County, N. C., or in some other mountainous or thinly populated region," reserved for them 652 acres of the lands they had surrendered, and for a number of years has given them an annual pension of $800.

Soon after the treaty was made, the Catawbas became dissatisfied, and a number of them left the State; some of them sought a home among the Cherokees in North Carolina, but finding that their old ene-

mies had not yet forgiven them for opposing them in their wars with the whites, they soon returned.

Shortly after they had given up their lands, a full report in regard to the tribe was made to the legislature by C. G. Memminger; this paper gives the name and age of each Catawba then on the reservation, and a copy of it is now preserved in the statehouse at Columbia.

Governor Noble's successors, Governors Richardson and Hammond, referred to the Catawbas in their messages to the legislature, and the former said: "We must find a home for this homeless people."

The following is an extract from the annual report of the Bureau of Ethnology (1883–84):

"By the terms of an act of Congress approved July 29, 1848, an appropriation of $5,000 was made to defray the expenses of removing the Catawba Indians from Carolina to the country west of the Mississippi River, provided their assent should be obtained, and also conditioned upon success in securing a home for them among some congenial tribe in that region without cost to the Government.

"Their territorial possessions have been curtailed to a tract some 15 miles square on the Catawba River, on the northern border of South Carolina, and the whites of the surrounding regions were generally desirous of seeing them removed from the State.

"In pursuance, therefore, of the provision of the act of 1848, an effort was made by the authorities of the United States to find a home for them west of the Mississippi River. Correspondence was opened with the Cherokee authorities on the subject during the summer of that year, but the Cherokees being unwilling to devote any portion of their domain to the use and occupation of any other tribe without being fully compensated therefor, the subject was dropped."

At a later period, a party of Catawbas removed to the Choctaw Nation in Indian Territory and settled near Scullyville, but they are now said to be extinct; about 12 years ago a few of the tribe became converts to Mormon missionaries in South Carolina and went with them to Salt Lake City, Utah.

In 1894 the Smithsonian Institution published the fullest account of the Catawbas extant in the monograph Siouan Tribes of the East, which has already been referred to and largely used in this sketch; the author, Mr. Mooney, being of the highest authority in matters pertaining to the tribe, the following extract is taken from his works as a summary:

"The following figures show the steady decline of the tribe from the first authentic reports to the present time. At the first settlement of South Carolina (about 1682) they numbered about 1,500 warriors, equivalent perhaps to 6,000 souls (Adair, 5). In 1701 they were 'a very large nation, containing many thousand people' (Lawson, 11). In 1728 they had but little more than 400 warriors, equivalent perhaps to 1,600 souls (Byrd, 22). In 1738 they suffered from the smallpox, and in 1743, even after they had incorporated a number of smaller tribes, the whole body consisted of less than 400 warriors. At that time this mixed nation consisted of the remnants of more than 20 different tribes, each still retaining its own dialect. Others included with them were the Wateree, who had a separate village, the Eno, Cheraw or Sara, Chowan(?), Congaree, Notchee, Yamasi, Coosa, etc. (Adair, 6). In 1759 the smallpox again appeared among them and destroyed a great many. In 1761 they had left about 300 warriors, say, 1,200 total, 'brave fellows as any on the Continent of America, and our firm friends' (Description of South Carolina, London, 1761). In 1775 they had little more than 100 warriors, about 400 souls; but Adair says that smallpox and intemperance had contributed more than war to their decrease (Adair, 7). They were further reduced by smallpox about the beginning of the Revolution, in consequence of which they took the advice of their white friends and invited the Cheraw still living in the settlements to move up and join them (Gregg, 4). This increased their number, and in 1780 they had 150 warriors and a total population of 490 (Mass., 1). About 1784 they had left only 60 or 70 warriors, or about 250 souls, and of these warriors it was said, 'such they are as would excite the derision and contempt of the more western savages' (Smyth, 1). In 1787 they were the only tribe in South Carolina still retaining an organization (Gregg). In 1822 they were reported to number about 450 souls (Morse, 1), which is certainly a mistake, as in 1826 a historian of the State says they had only about 30 warriors and 110 total population (Mills, 4). In 1881 Gatschet found about 85 persons on the reservation on the western bank of Catawba River, about 3 miles north of Catawba Junction, in York County, S. C., with about 35 more working on farms across the line in North Carolina, a total of about 120. Those on the reservation were much mixed with white blood, and only about two dozen retained their language. The best authority then among them on all that concerned the tribe and language was an old man called Billy George. They received a small annual payment from the State in return for the lands they had surrendered, but were poor and miserable. For several years they have been without a chief. In 1889 there were only about 50 individuals remaining on the reservation, but of this small remnant the women still retain their old reputation as expert potters. They were under the supervision of an agent appointed by the State."

CONDITION

Scarcely more than 100 years ago the hoof prints of the buffalo became scarce in South Carolina, and it would, perhaps, have been well for the Catawba Indian had he followed him to the distant West; for the exterminating greed of the white man has almost driven him, too, from the boundless regions in which he used to roam, cruel legislation has allowed his lands to be sold and his money squandered, and, after all, he is in not much better condition morally, socially, or financially than when he was a savage in the woods, with God-given ability to live with less struggle than he has to-day. Many a red man fell at the crack of the pioneer's rifle; the rest fled inward as though retreating before some angry waters, which slowly began to surround them and threatened to break over their heads. With no avenues of escape, the Catawbas have been driven in and corralled, not unlike the buffalo before them, and whose fate our boasted civilization may yet force them to share. The 225 square miles of land which was confirmed to the tribe as a reservation in 1764 has been curtailed, until now they are huddled together on the meager allowance of only 652 acres. It remains to be seen if they will be still further crowded and encroached upon until they give up in despair and pass out over the plowed fields whose furrows the white man has nearly run to the Indian's very door. Will he, who was formerly one of the largest freeholders on the continent, be compelled to forsake his now humble home and go out in search of the proverbial 6 feet of earth wherein to lay his bones? Will he be forced to the extreme to which one of the most prominent chiefs in Indian Territory was recently driven? When some asked this Indian (chief of the Wichitas), who recently committed suicide, why he wanted to die, he replied, "Too much white man; Indian no chance; white take Indian's land, then kill Indian—I kill myself."

After making a tour of the Indian reservations in the West a few years ago the Hon. Theodore Roosevelt, recently civil service commissioner, wrote:

"The one thing to be impressed upon the average Indian is that he is not being wronged now and that he has done just as much wrong as he has received in the past, and that he ought not to look back on that at all, and that, above all things, he must work, just as a white man does. One of the most pernicious things that can be done is to pet too much the Indians that make good progress, and this is the thing that eastern sentimentalists are very apt to do."

Mr. Roosevelt probably knows as much about the true Indian character as any man in America, and this observation is, no doubt, well founded. But, as far as the Catawba Indians are concerned, it does not apply; and no unbiased person, after carefully examining the case, will say that the Catawbas have "done just as much wrong as they have received in the past"; indeed, the Catawbas present an exception to Indian character, for when oppressed by the whites, with whom they had made "eternal peace," they have quietly submitted to injustice, and though they have been literally robbed of large tracts of land they have never even grumbled—when the Indians on the plains are troublesome troops are sent to hunt them down and kill them—are those Indians rewarded whose conduct in the face of outrage has been exemplary? The history of the Catawba Nation answers—no!

The Catawba Indians have never been "petted"; they always have been and still are mistreated and neglected. As to their condition, the writer knows whereof he speaks, as he has often visited the tribe and has had ample opportunity to study their condition.

RESERVATION

The reservation of the Catawba Indians was at one time in the remotest backwoods of South Carolina, but within the last 20 years the signs of civilization have been rapidly creeping toward it. Since the South began to draw northern capital a few years ago, the development of this section of Carolina has been phenomenal. The nearest town of consequence to the reservation is Rock Hill, 9 miles distant. Fifteen years ago there were scarcely half a dozen farm houses in the town; to-day, Rock Hill is an important city with a number of cotton factories and a population of about 10,000. However, the peaceful stillness of the forests on the reservation is yet undisturbed, and here the woodman's axe has left the Indians a noonday shade.

I first visited the reservation in the spring of 1893. I set out from Rock Hill early in the morning and went on horseback that I might more easily make a tour of the grounds. The limit of the Indian land is about 1 mile from the principal highway through that section. Mistaking the road, it happened that I entered the reservation from the southwest corner. Here the trees and undergrowth were so thick that it was with much difficulty I made my way, until I found a path along the banks of a small stream. Following the path for half a mile or more, the woods came to an end, and here I had an excellent view of the Catawba River, about 300 yards beyond. (Catawba wine is so called because it was first made from the wild grapes found on the banks of this stream.) Looking up the river I saw a long strip of bottom land of uniform width between it and the edge of a high

bluff upon which I was standing—the scenery on all sides was strikingly wild and picturesque.

Turning my horse diagonally into the woods on my left, I started in search of the Indians, none of whom I had so far seen. After going about 100 yards I saw through the trees a small clearing—not more than 50 feet square—and in the midst of it was an old weather-boarded 1-room hut, which appeared to be on the verge of falling. Going around to the door, I saw a very old Indian woman all alone and sitting on the floor with a book in her hands. The greeting I received was neither cool nor cordial, but, after hitching my horse, I entered the house. It was truly a peculiar looking abode for a human being. It appeared more like a corn crib, for all around the room was a kind of loft, upon which was stored apparently six or eight bushels of unshucked corn. The furniture on the lower floor consisted of a plain, dirty-looking bed, several rickety chairs, and an old-fashioned spinning wheel. The woman proved to be the widow of Chief Harris, who had died a few years before, and the book she had was a Bible, which, however, she could not intelligently read.

It was nearly a quarter of a mile to the next house. This one consisted of two rooms, and although simply constructed it appeared new and comfortable. Several Indian men were lounging near the house, talking. They were dressed in seedy clothes, which had probably been bought at a bargain from some farmer in the neighborhood. Several women were in the house, one of whom was preparing dinner at an open fireplace; the others were chatting and watching a dirty little Indian baby that was crawling on the floor. From what I saw I presumed the dinner consisted entirely of corn bread and fried bacon. Here I was also received in an indifferent manner, and when I left the apparently contented group my departure seemed to interest them no more than did my arrival.

Following a well-defined path through the woods I came to an inviting spring, and here I stopped to lunch. While there an Indian boy and his little sister came with their buckets to get water. I could not draw them into conversation until I offered them some lunch, after which the children directed me as to where I should go next, and I ended my tour at the house of Uncle Billy George, who has the universal good will not only of the Indians but of the white people in the neighboring country. Here, as at some of the other houses, I was received very kindly.

Some of the following statements as to the condition of the tribe are reproduced from an article published in the Charleston News and Courier last summer:

I found about 80 Indians on the reservation, all told. Of this number less than a dozen were of pure Indian blood, the remainder being half-breeds or more nearly white. They do not mix blood with the negroes, for whom they entertain the strongest antipathy, and it is said that a negro can not be induced to go on the Indians' land.

The houses on the reservation were generally small and rudely constructed; most of the dwellings consisted of log huts, widely scattered over the long, high bluff which overlooks the river. These cabins remind one of the typical negro home in the farming regions of the South. The reservation has some good timber on it, which, however, is being used by the Indians for kindling purposes; the principal trees are pine and oak. The land is well adapted to cattle raising, but during all my visits the only stock I saw on the place was a cow and two mules. A few members of the tribe worked parts of the arable land, but little attention is paid by the Indians to the profitable corn crops which might be raised on their fine bottom lands. It is safe to say that the condition of the Catawbas generally is a little below the standard of the average southern negro.

The Catawba Indians bear an anomalous relation to the State of South Carolina. If they are wards of the State, it has proved a bad and faithless guardian for them. The Commissioner of Indian Affairs at Washington says that they are citizens of South Carolina, but they are not taxed and they do not vote.

The Catawbas have no form of tribal government, although they elect a chief every four years; this official is now "Bob Harris," whose term of office expires in November. It is remarkable how near these people come to being an ideal nation in the sense that they need no laws—they are quiet and peaceable, and bloodshed on the reservation is almost a thing unheard of. The tribe is directly amenable to the laws of South Carolina, but it is a notable fact that they have never given the authorities of the State any trouble. The only recorded tragedy that has occurred among them for a hundred years took place in 1881, when one of the Indians was stabbed to death by two white men. A brother of the dead Indian, who had witnessed the killing, testified in court that the white men were the aggressors; but the latter, after a trial which lasted for three days, were acquitted.

When the Catawbas work, which is very seldom, the chief occupation, especially of the women, is the manufacture of pottery, earthenware, and pipes. These articles are made in a primitive way, which, like the taste for making them, is probably instinctive. They make graceful pitchers, flower jars, vases, and various kinds of toys and ornaments. Their wares generally have a soft yellowish appearance, especially their tall flower vases, which are not too mean to be touched by the brush of an artist. Their pipes, after having been burned, are jet black; they are of all shapes and sizes, and are usually of fantastic design, sometimes in the form of squirrels, turtles, birds, pots, shoes, and other familiar objects. To give these articles an historic interest, the clay they use is taken from the Waxhaw Swamps, where a battle during the Revolution was fought between Colonel Buford, of the American Army, and Tarleton, of the British. It was in this battle that the British commander received the name of "Bloody Tarleton," for allowing the American prisoners to be butchered after they had surrendered. The Indians carry their wares to Rock Hill, where they barter them for old clothes or anything that is offered for them. In the course of a few years these souvenirs will be appreciated by collectors, for all the full-blood Catawbas will soon be dead. Had these people a competent person to dispose of these wares for them at their real value, their chosen work could be made a lucrative industry among them.

For many years the Catawba Indians retained the ancient rites and customs of the tribe, but gradually these have become adapted to their changed condition and surroundings; the energy formerly displayed in savage pursuits has given place to indolence. The old men say in a tone of pathos: "Our people are getting out of the old ways and the young folks take no interest in what our fathers used to do." Thus the old order has changed, until now but a few of the tribe still retain the air of the typical Indian. Some of these have never learned the English language, but when they are gone the musical tongue of the Catawbas will be stilled forever; and with this generation will, perhaps, pass away traditions and conceptions which have traveled down from tongue to ear through the centuries. The old Indians will talk of their boyhood days and of how their fathers went on the warpath against the Cherokees, but when questioned as to the mounds in the surrounding country, the reply of "Hiawatha" may be read in their faces:

"On the grave posts of our fathers
Are no signs, no figures painted;
Who are in those graves we know not,
Only know they are our fathers."

The oldest Indian on the reservation is "Uncle Billy George," who bears in the Catawba language the name of Corrichee. He is the only living Indian among those who signed the present treaty between his tribe and the State of South Carolina. He says that he signed it "as a witness or somehow that way." The old man recently remarked to a visitor that sometimes he could not sleep for thinking about his people. Uncle Billy is a fragment of the old times and is one of those links which connect us with other days. Here is a sketch of his life in his own words:

"I was born in York County on Cowan's plantation, above Ebenezer. I am about 90 years old. My people would go out from the reservation to work a year or two—that's when I was born. I came to the reservation when only a boy. I remember my father. He's dead now, and was buried in Union County, N. C. He was like the old Indians—talked Indian better than English. Our people talked differently then from now. They ought to keep up the language the Lord gave them. The language they speak now is changed a great deal. I was 10 or 12 years old when my father died. I have heard him talk about the Revolutionary War. Some of his people were in it. He was not himself. My father was 50 or 60 when he died.

"The foreign Indians used to come here and fight with the old Indians. The last fight was close to Rock Hill, and we went upon them and killed them out—that was before I was born. My father was in it. He said that the foreign Indians slipped in and killed some of our people, and when we saw them we went upon them and killed them.

"When the Revolutionary War was over, George Washington gave us 15 square miles of land. We have been cheated out of it.

"I was living during the War of 1812—was only a boy; I heard talk of the fighting when it was going on.

"I was not in the late war; other Indians were, though; a good many went, about 20.

"I have married twice and have five children in all. We can't have but one wife, and that ain't right." [Influence of Mormon teachings.]

Uncle Billy George is nearly half a century older than his present wife. His youngest child, Lucy Jane, is now about 11 years old.

The old Indian's principal means of giving his family bread is obtained by selling pipes, and, occasionally, an old-fashioned locust bow, with feathered arrows. With one of these bows his feeble hand can still send an arrow across the Catawba River, or if shot vertically upward, until lost to sight.

The George family live in a little 2-room cabin near the river. A large oak and a few fruit trees shade their doorsteps; a wild-rose bush near the chimney perfumes the air; the tall pines in the forest sigh. Here, in nature's abode, I last saw Uncle Billy George sitting in his cabin door with his arm around his little girl beside him, the breeze from the river playing alike with grizzled hair and raven locks. When the old man thus sits and peers listlessly into the forest, his dim eyes seem to brighten, for, in his dotage, he perhaps sees familiar forms gliding among the trees—they are invisible to other eyes, for they are shadows of a generation that has passed away. The bent form and infirm step of poor Uncle Billy George plainly show that he, too, will

soon be with these shadows—we live to old age only to die at last. (Uncle Billy George has died since the above was written. Died in 1896.)

The present condition of the tribe, morally, socially, and financially, is a disgrace to themselves; but it is more a disgrace to the State in which they live. On the streets of Rock Hill these miserable creatures may often be seen begging, and if they are befriended they ever after besiege their benefactor. When one of them finds a purchaser for his wares, he is like the bee—he returns and brings with him a swarm. I have often found a dozen or more of them, of both sexes, perched on the steps and veranda of my boarding house, loaded down with wares, having waited half a day to intercept me on my return. To show the standard of honor among them, I refused to buy a certain jar from one of the men; I told him, however, that if he would find a pot made by the old Indians I would pay him handsomely for it. In a few days the fellow brought in the same vessel, with its bottom broken out, and otherwise disfigured; it was covered with mud, and he claimed it to be a valuable relic just washed up by the river. However, there are several members of the tribe who are far from being deceitful and thievish, and among the few who bear good reputations are Bob Harris and Uncle Billy George.

It is said that the Catawbas are more or less addicted to the morphine habit, and they often beg for simple household medicines, which they take on account of the opiates they contain. They are not habitual drunkards because they are too poor to buy the whisky. It is not an uncommon sight to see these poor creatures, and frequently the women, on the streets of Rock Hill late at night, starting on foot in a pouring rain for the reservation, 9 miles away.

There is neither a church nor a school on the reservation—it is a shame that in a Christian country they never hear the Gospel preached. In our ardor for foreign missions let us not pass by and neglect the heathen in our midst.

Would the Catawba Indians receive more religious instruction if they were in a Pagan land? To compare the religious condition of the western Indian to that of the Catawbas, the following extract from a report to the United States Civil Service Commission, made by the Hon. Theodore Roosevelt in 1893, is given:

"When I reached the Cheyenne River Agency the great Indian Episcopal Convocation was in session. The sight was exceedingly interesting and imposing, some 2,000 Indians having gathered for the convocation. There were present a large number of native preachers and catechists, and very many lay delegates from the different tribes. Doubtless, many of the Indians came to the convocation with no particular religious feeling, a good deal as white men go to a county fair; but with many the religious sentiment was evidently very strong, and I was greatly pleased at the intelligence and fine feeling shown by many, both among the laymen and among the preachers. The women's meeting was also very interesting, and it was remarkable to see them contribute literally thousands of dollars for various missionary and church purposes."

If the Christian people of South Carolina will not look after the spiritual welfare of the heathen at their very doors, may Providence put it into the hearts of these Christianized Indians in the West to send missionaries to the Catawba Indians, who live almost in the sound of the church bells. If the Christian people of South Carolina deny these Indians a helping hand, it will be inconsistent in them to sing the grand old missionary hymn, which now should be echoing in every land:

"Waft, waft, ye winds, His story,
And you, ye waters, roll;
Till like a sea of glory,
It spreads from pole to pole."

RESPONSIBILITY

Perhaps after the Catawbas have become extinct some one might ask who was responsible. Let us not wait until then to place the responsibility where it belongs. If it is South Carolina's duty to cherish and guard with a fostering care the last vestige of her aboriginal inhabitants; if she owes anything to her earliest benefactors; if she owes anything to a disinterested people who have fought her battles, a people who were courted when they were strong, but are now scorned because they are weak; if she owes anything to a people whose territory she has absorbed without due compensation; if it is her duty to uplift degraded humanity within her borders, then South Carolina is responsible; and if she does not soon do something for the Catawbas her escutcheon will bear a stain which time can not erase.

It is time for the people of South Carolina to compel their representatives in the State and General Government to do something for these much-wronged and downtrodden people.

On account of our neglect of duty toward the Indians, this century has justly been termed a "century of dishonor." Since its beginning the appeals made in behalf of the Catawbas have all fallen on stony ground; at its close will humanitarians still turn a deaf ear to their claims for more merciful treatment?

Fifty years ago William Crafts, the celebrated statesman, prepared the following petition to the Legislature of South Carolina for Peter Harris, a Catawba Indian. May this cry, coming as it does from the grave, awake in the American heart some sense of justice:

"I am one of the lingering survivors of an almost extinguished race. Our graves will soon be our only habitations. I am one of the few stalks which still remain in the field after the tempest of the Revolution is passed. I fought the British for your sake. The British have disappeared nor have I gained by their defeat. I pursued the deer for subsistence; the deer are disappearing and I must starve. God ordained me for the forest, and my ambition is the shade; but the strength of my arm decays, and my feet fail me in the chase. The hand which fought the British for your liberties is now open for your relief. In my youth I bled in battle that you might be independent; let not my heart in my old age bleed for the want of your commiseration."

It has been said that the Indian is treacherous. Before we condemn the poor Indian let us cast the beam out of our own eyes. Who could have been more treacherous than the white man has been? We must not forget that perhaps the first white men the Indians of what is now South Carolina ever saw persuaded these innocent and confiding people to visit their ships, and, watching the moment when their decks were most crowded, suddenly sailed away, carrying nearly 200 of them into captivity.

Just outside the walls of Fort Moultrie a marble slab, inclosed by iron palings, marks the spot where Osceola, the Seminole chief, was buried. Everyone is familiar with the story of how he was captured under a flag of truce, taken from his people, and imprisoned on Sullivans Island to pine away and die. Here he met his doom on the very spot where, about 70 years before, a brother tribe showed their love for Carolina by fighting for America's freedom. No! it is not always the Indian who is treacherous, for the white man has been faithless to a greater degree. Let us not wonder that through the curling smoke of the peace pipe the Indian sees the flash of the rifle, and that his dying words to the paleface are:

"I loathe ye in my bosom, I scorn ye with mine eye;
I'll taunt ye with my latest breath, I'll fight ye till I die.
I ne'er can ask for quarter, I ne'er can be your slave;
I'll swim the tide of slaughter till I sink beneath the wave."

Of the 28 Indian tribes in South Carolina 200 years ago, the few Catawbas are all that are left. To these let us stretch out a helping hand before it is too late. If we can not be generous, let us be just.

WASHINGTON, D. C., *February 6, 1930.*

His Excellency JOHN G. RICHARDS,
Governor of South Carolina, Columbia, S. C.

DEAR GOVERNOR: I want to get some information in reference to the Indians in our State, as I hope to get them some aid from the Government, and possibly get the Government to take them over, if it is the right and proper thing for us to do, and relieve the State of that much expense, and possibly give the Indians more advantages.

If you think this a good plan, I wish you would please have your Indian agent (as I do not know who he is) to send me a short history of them and how they are kept up, etc.

Thanking you for your early attention to this matter, I am,

Very respectfully,

COLE. L. BLEASE.

STATE OF SOUTH CAROLINA,
OFFICE OF THE GOVERNOR,
Columbia, February 7, 1930.

Hon. COLE. L. BLEASE,
United States Senate, Washington, D. C.

DEAR SENATOR: I have your letter of February 6 with reference to the Indians of South Carolina and think your idea is a capital one.

I have thought for some time that the State of South Carolina should withdraw its support to the Indians. I see no reason why the Indians should be a charge on the State, as they are citizens and practically wards of the United States, and I am very glad that you are taking steps to relieve South Carolina of this appropriation.

I am sending copy of your letter and mine to Mr. T. O. Flowers, State financial agent, Rock Hill, S. C., and am taking pleasure in requesting him to give you the information you desire.

Very respectfully,

JOHN G. RICHARDS, *Governor.*

ROCK HILL, S. C., *February 21, 1930.*

Hon. COLE. L. BLEASE,
United States Senator, Washington, D. C.

MY DEAR SENATOR: I would have replied to your letter of the 10th instant before this but for the lack of certain information which I needed before doing so.

Briefly, the condition of the Catawba Indians at this time is as follows: It has been said concerning the Catawba Indians and their condition during the past two or three years, the welfare and condition of these people has become so noticeable until prominent citizens of the

State have become greatly interested, and a feeling of sympathy and good wishes has gone out for them.

You may realize their present condition more fully when I state briefly some of the reasons why they should be given more consideration. The 652 acres of land they now occupy was given back to them of the 144 acres deeded by them to the State of South Carolina, which comprises the present reservation. This land is situated on the Catawba River about nine miles from Rock Hill.

This land is almost nonproductive, due to the fact that the surface of the land is composed of a strata of rock on hilly land, which, when plowed, only leaves the tilled soil to be washed away by the rains, taking the fertility of the soil to the river. Therefore they can not raise enough to support their families, and have to seek employment in distant towns. The land is without forest, save a low brush near the river, and a few patches of small oaks. It is void of timber for wood or lumber, and many of them suffer during the winter because their homes are inadequate and their fires must be kindled with green wood.

The history of these people is very remarkable and bear me out in asserting that in the past they have always favored the white race and have fought against the Cherokees, and even among themselves, for the white man. They have suffered many hardships and even gave up their possessions to the white man.

There are at this time of the once powerful tribe 38 families—41 men, 38 women, and 93 children, 172 all told—with only 12 houses really fit to live in (and such as they are). There is a schoolhouse on the reservation, which is supported by the State in the amount of $1,500 annually. At this school I have two teachers—43 pupils enrolled—with an average attendance of 34. These Indians have accepted the L. D. S. religion (Mormon). The building, or temple, on the reservation was built by the Mormon Church, and which is well attended at all services.

My dear Senator, I have in as simple and brief way as I could given you a review of the present outstanding condition of this tribe, which I trust will be of some service to you in your efforts to do something for these almost deserted people.

If I can be of further service to you in the matter or otherwise, please call on me.

And believe me, I am, yours very respectfully,

T. O. FLOWERS,
Financial Agent Catawba Indians.

N. B.—I have known these people many years, and I heartily recommend a settlement with them, and make them free people, which is their desire.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 21) authorizing the appointment of a joint committee to attend the one hundred and fiftieth anniversary of the Battle of Kings Mountain, to be held at the battle ground in South Carolina, on October 7, 1930, at which officials of the United States and of the thirteen original States will attend, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 5415. An act to legalize a bridge across the Choctawhatchee River between Hartford and Bellwood, Ala.;

H. R. 5573. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Niobrara, Nebr.;

H. R. 7260. An act authorizing Oscar Baertch, Christ Buhmann, Fred Reiter, and John W. Shaffer, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near Alma, Wis.;

H. R. 7631. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at Presidio, Tex.;

H. R. 7828. An act granting the consent of Congress to the State of Montana or the county of Richland, or both of them, to construct, maintain, and operate a free highway bridge across the Yellowstone River at or near Sidney, Mont.; and

S. J. Res. 117. Joint resolution for the relief of farmers in the storm, flood, and/or drought stricken areas of Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Ohio, Oklahoma, Indiana, Illinois, Minnesota, North Dakota, Montana, New Mexico, and Missouri.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 21) authorizing the appointment of a joint committee to attend the one hundred and fiftieth anniversary of the Battle of Kings Mountain, to be held at the battle ground in South Carolina, on October 7, 1930, at which officials of the United States and of the thirteen original States will attend, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED JOINT RESOLUTION PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that on to-day, February 26, 1930, that committee presented to the President of the United States the enrolled joint resolution (S. J. Res. 117) for the relief of farmers in the storm, flood, and/or drought stricken areas of Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Ohio, Oklahoma, Indiana, Illinois, Minnesota, North Dakota, Montana, New Mexico, and Missouri.

AMERICAN GAS & ELECTRIC CO.

Mr. NORRIS. Mr. President, there has been going on for the past two years, as the country and the Senate know, an investigation of the Power Trust by the Federal Trade Commission. They have recently commenced to investigate and take evidence regarding the financial set-up of some of these great corporations. There was printed in this morning's Washington Herald a review by Mr. Ramsay of some of the testimony taken the day before. I desire to read just a short paragraph:

At the end of 1927 it—

Referring to the American Gas & Electric Co.—

had 1,905,000 shares of common outstanding. They had a "ledger value" of $19,052,000, and a market value of about $171,000,000. Eighty-one per cent of this stock had been issued as stock dividends, according to Buckingham's analysis. More than $2,546,000, "ledger value," was issued for bonuses, promotion expenses, and services.

And yet the people of the United States now living and their children who shall follow are expected to pay an income on such valuations through all eternity, and if we must have a continuation of the recent decision of the Supreme Court of the United States in the Baltimore street railway case it means that they must pay 8 per cent upon that fictitious value. Eighty-one per cent of the stock issued, according to the article, was in the form of stock dividends.

I ask that the entire article may be printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the Washington Herald, Wednesday, February 26, 1930]

THREE MILLION FIVE HUNDRED AND NINETY THOUSAND DOLLARS PAID. TWO PLANTS HELD AT $50,000,000—AMERICAN GAS & ELECTRIC MADE ESTIMATED PROFIT OF $58,000,000 ON TWO MERGERS

By M. L. Ramsay

The American Gas & Electric Co. made an estimated profit of $58,000,000 on two of the mergers that went into the building of its great utility system, now spread over nine States, it was testified before the Federal Trade Commission yesterday.

These deals were disclosed as the commission made its first plunge into the bewildering maze of mergers surrounding the growth of the great power combines.

PROFIT $46,410,000

In the formation of the Appalachian Electric Power Co., in 1926, American Gas & Electric got 5,000,000 shares of Appalachian's common stock. This cost the company only $3,590,000, even allowing for incidental losses, it was estimated by Franklin Buckingham, commission accountant.

Appalachian's books show a value for the stock of $50,000,000.

The stock gives American Gas & Electric, in addition, control over the properties. These properties include the old Appalachian Power Co., Appalachian Power & Light, formerly the Virginia Power Co., and other companies in Virginia, West Virginia, and Kentucky.

In another merger, in 1924, American Gas & Electric took over a string of utilities, collected a 50 per cent cash dividend out of their surplus, removed "key" properties it wanted to keep, and resold the rest at a "net profit" of $8,000,000, Buckingham testified. This was in addition to $3,580,000 received through the special dividend.

"BASKET ACCOUNT"

Three years after the acquisition, and after the special dividend of $50 per share had been paid, the stock was sold to a new corporation styled the American Electric Power Corporation. Its controlling interests were not identified, but it was stated they were not American Gas & Electric.

In another deal, Buckingham was unable to determine American Gas & Electric's profit on stock it sold for $7,000,000 because it had been carried in a "basket account," with nothing to reveal its cost.

Common stock of American Gas & Electric was "water" at its formation 24 years ago, and only about one-twentieth of all that has been issued through the years represented cash invested in the company, it was testified.

VALUE $171,000,000

At the end of 1927 it had 1,905,000 shares of common outstanding. They had a "ledger value" of $19,052,000, and a market value of about $171,000,000. Eighty-one per cent of this stock had been issued as stock dividends, according to Buckingham's analysis. More than $2,546,000, "ledger value," was issued for "bonuses, promotion expenses, and services."

In five years $710,000 worth of stock, on the basis of market values when issued, was distributed to company officers as "extra compensation."

Eighty-five per cent of the $33,473,000 preferred stock was issued in exchange for securities of other companies of which control was acquired.

The company paid a $4,690,000 premium to its bondholders in 1928 by calling a $50,000,000 bond issue at 110 and refunding, according to Buckingham.

Although the company failed to disclose it, the commission established through records of the Electric Bond & Share Co. that that organization created American Gas & Electric.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. DILL. In connection with that, I wish to call the Senator's attention to the fact that the hearings before the Interstate Commerce Committee regarding the Power Commission show that, under the provision of law requiring a valuation of properties of the companies that are given power permits based on the investment, they are asking to include in the valuation tremendous sums of money for promotion fees, and for subsidiary companies owned by the parent companies and financed by them, in some cases amounting to more than $1,000,000 in cases of properties involving $8,000,000 or $9,000,000. These accounts have been running for years, and the Power Commission is unable to do anything because it is not provided with sufficient accountants and valuation experts to handle it; and we have the peculiar condition of the executive secretary saying he does not need any more help. All of that bears so directly upon the question of the valuation of the power properties for rate purposes, that I want to call the attention of the Senator to it at this time.

Mr. NORRIS. I thank the Senator, Mr. President, and I will say in reference to the suggestion the Senator has made that one of the common methods of mulcting the public by great utility companies is to organize subsidiary companies of which the parent companies own every dollar which is invested, and then to hire the subsidiary companies to go out and do work for them; in other words, they hire themselves and pay themselves a large bonus, for instance, to lobby something through Congress or through a legislature; or it may be that they organize construction companies which they themselves own, and then those construction companies will charge perhaps a percentage on a certain contract or perhaps a large sum of money for efforts in getting the contract; in other words, they are getting something from themselves and they charge for it. Thus, millions of dollars of alleged value upon which the people must pay rates are put into these various utility companies.

The Senator has mentioned the investigation which is going on before the Interstate Commerce Committee. There are three places where these facts are being developed. One is the Federal Trade Commission, the report of a day's work of which I just put into the RECORD.

Then come the Interstate Commerce Committee and the lobby committee of the Senate, which are gathering evidence every day, as is the Federal Trade Commission, all bearing in the same direction, that monopoly and greed and combinations and mergers everywhere in the United States are building up a valuation for public-utility properties made out of water without any investment. For instance, the report I sent to the desk and had incorporated in the RECORD shows that 81 per cent of the capital stock of one public-utility corporation is water; and yet that corporation has been charging rates and carrying on business, as I have stated, mulcting the public to such an extent that that water has been turned into gold and is paying enormous dividends. What would happen if the people of the country could get power and light at a reasonable price?

Now, Mr. President, I send to the clerk's desk an editorial appearing in the Washington News of February 21, showing what is being developed by the investigation being conducted by the Interstate Commerce Committee. I ask that the clerk may read the editorial.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The Chief Clerk read as follows:

[From the Washington News of February 21, 1930]

"ROTTEN GOVERNMENT"

"Conditions in the commission have become so intolerable that it presents one of the rottenest exhibitions of government I have ever heard of." That is Senator COUZENS's indictment of the Federal Power Commission after hearing testimony of commission experts at the Senate investigation.

It is an extreme indictment. But we are inclined to agree with it. Moreover, we venture the prediction that, when the public belatedly begins to understand the brazen negligence with which the Power Commission has failed to enforce the law and to protect the people's interests from the power corporations, the politicians are going to hear about this issue until it hurts.

There is a limit even to that public indifference which is the brief salvation of cynical officials. Here is an issue which touches the voters in their pocketbooks, a sensitive spot.

William V. King, chief accountant of the commission, detailed to the investigating committee how power corporations by hook and crook, in season and out, have worked to undermine the law and to block the efforts of such commission officials who have been trying to carry out the law. And the corporations have been getting away with it.

Here is one instance, according to King: When he sent to a House committee in 1928 a confidential memorandum setting forth certain damning facts about the financial operations of eight corporations and the need for increased commission personnel to keep a line on such activities, the report was withdrawn at the instance of power companies. The report was returned to the commission, the dynamite removed from it, and a "harmless" substitute sent to Congress.

Among the instances given by King of the corporations' practice of kiting valuations was that of the Northern Connecticut Power Co. The company put a value of $1,050,000 on its water rights, but "when the income-tax people suggested that it pay tax on this sum, they protested that it was fictitious and not subject to tax."

The testimony of King and of Charles A. Russell, solicitor of the commission, is final proof of the need for reorganization of the commission, reform of its technical personnel and methods, and a stricter water power act.

The present commission, consisting of the Secretaries of War, Interior, and Agriculture, should be supplanted by a full-time commission as provided in the Couzens bill. The present commission has been in session on an average of only about five and a half hours a year—to regulate a billion-dollar industry. Thus active control has reverted to the executive secretary, F. E. Bonner.

Bonner, according to the testimony of his associates, has tried to destroy the accounting division of the commission upon which the vital work of valuations depends, and in many ways has served the interests of the corporations. Asked why the commission had not gone in and taken the financial records which corporations refuse to give it, the commission's solicitor replied:

"The law gives us authority to do so, but Mr. Bonner stands in the way."

In the face of these serious charges against the commission of which he is a member, Secretary of the Interior Wilbur has made a weak statement that "an unsatisfactory and inharmonious situation exists in the staff of the Federal Power Commission."

The situation will continue to be "unsatisfactory and inharmonious"—and very costly—so long as the commission consists of three Cabinet officers who have no time to do the job and leave it in the hands of such an executive secretary.

Mr. NORRIS. Mr. President, as that editorial says, the work of the commission is practically in the hands of one man, the executive secretary, Mr. Bonner. The evidence discloses that he is in reality a water-power man; that the work of the commission could not be conducted more favorably to the interests of the power companies if the power companies themselves operated the office.

The disclosures which have been brought about by the committee have come to a great extent from two other officials of the Power Commission who have been trying to safeguard the rights of the people and have been doing everything they could to see that the law was honestly and fairly enforced. I refer to Mr. Russell, the solicitor, and Mr. King, the accountant. As is shown in the editorial and as the evidence discloses, a report was sent in, I think, to a committee of the House of Representatives in which Mr. King had furnished some facts which Bonner thought were damaging to the power companies, and he had the report withdrawn and deleted what he thought were the objectionable parts, and sent it back in that way.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. DILL. I want to correct the Senator as to that. I think the matter to which he refers was deleted by Mr. Merrill, the

former secretary, rather than by Mr. Bonner, and Mr. Merrill did it only after the commission had ordered it done.

Mr. NORRIS. Mr. President, the matter has reached a point where, it seems to me, if we are going to have an honest enforcement of the water power act, the executive secretary of the Federal Water Power Commission ought to be removed from office. I have heard it said even by some Senators that, as there is a contest between the three men, they ought all to be removed; but I think, as a matter of fact, the evidence discloses—and I should be glad to be corrected by any member of the committee if I am in error—that Mr. Russell and Mr. King have been faithful public servants; that they have been doing all they could to see that the law was enforced and to prevent the power companies from injecting into the valuation of properties which they lease from the Government fictitious and erroneous items.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. DILL. I want to remind the Senator that the efforts which Mr. King and Mr. Russell have been making have been directed primarily to getting action on claims for unjust valuation and for unjustified cost accounts. They are not able to get any results because there are not sufficient employees of the commission available. When they went before the House committee to get an additional appropriation, Mr. Bonner came in and said that the additional employees were not needed.

Mr. NORRIS. Exactly.

Mr. DILL. I hope the Senate committee which has charge of this appropriation will hear this matter and see to it that sufficient money is appropriated so that the valuations may be made and the cost accounts may be reckoned up to date, instead of letting them run over a long period of years until they get somebody to approve many of these items that never would be allowed if passed upon when the accounts were fresh and up to date.

Mr. NORRIS. The purpose of Bonner, the executive secretary, I presume, is, in the name of economy, to try to cripple the commission to such an extent that it can not properly look after the various deals that have been taking place and are taking place continually in the way of fictitious items of value being put into the leased premises. The two men who have been standing out for the rights of the public in this matter are King and Russell, and, instead of being discharged, they ought to be promoted.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield the floor.

Mr. McKELLAR. Mr. President, when the matter came up before the Appropriations Committee, I will say to the Senator from Nebraska and the Senator from Washington also, the chairman of the committee inquired of the Power Commission if it desired any further appropriations than those that had been given by the House, with the statement that if anyone from the commission wanted to appear before our committee we should be very glad indeed to have him appear; and the reply came from the commission that they did not desire any further appropriations. Our committee, therefore, is powerless.

Mr. NORRIS. It was Mr. Bonner who made that statement; was it not?

Mr. McKELLAR. I think it was.

Mr. DILL. Mr. President——

Mr. NORRIS. I yield to the Senator from Washington.

Mr. DILL. I hope, then, that the chairman of the Appropriations Committee will have Mr. King, the accountant of this commission from its origin, called before the Appropriations Committee; because I want to say here and now that if the committee does not supply this money the matter will be brought up here on the floor of the Senate at the proper time. There is no other way that I know in which the public can be protected. The Power Commission, as the testimony this morning shows, has continually refused to ask for sufficient help in the departments from which these accountants may be secured. It has refused to ask for the necessary money in years gone by. Mr. Merrill, on the stand this morning, said that he had repeatedly asked for more help, that he might bring these accounts up to date. He could not get it, because under the law at that time the employees had to come from the different departments, and the department heads would not ask for money for employees to do that work.

The place to reach this situation is in the Appropriations Committee, which has charge of the independent offices bill. The committee should call before it Mr. King, particularly, who has been the chief accountant, and let him give the facts as to the situation to-day. I can not believe that any committee of fair-minded men will allow this situation to continue, where millions and millions of dollars of accounts are being built up that will have to be passed on some day, and should be passed on now.

Mr. NORRIS. What was the name of the other gentleman?

Mr. DILL. Mr. Russell, the solicitor of the commission.

Mr. NYE. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield to the Senator. I yield the floor, unless the Senator desires to ask me a question.

Mr. NYE. No; I wish to direct an inquiry to the Senator.

Mr. NORRIS. All right.

Mr. NYE. Does the Senator propose a resolution here that would voice the sentiment of the Senate, asking for the retirement of Mr. Bonner?

Mr. NORRIS. I have not proposed any resolution.

Mr. NYE. Would not that be a good idea?

Mr. NORRIS. It might be a good idea; but the principal object I wanted to accomplish this morning, I will say to the Senator from North Dakota, was to try to call the attention of the country in the first place to these developments that have occurred during the past two or three days in the two or three investigations that have been going on, to call attention to their importance and the wickedness of the practices that are being unearthed, and also to call the attention of the Senate to the subject in preparation for the effort that I believe will be made when the time comes to bring about the proper appropriation of money to employ sufficient accountants to carry on the work that King and Russell have been trying to carry on.

Mr. DILL. Mr. President, about a year and a half ago the Great Northern and Northern Pacific Railway Cos. made an application to the Interstate Commerce Commission for permission to consolidate the Great Northern, the Northern Pacific, and the Spokane, Portland & Seattle Railroads. The commission has had this matter under consideration for the past year and a half, and has made a report on it.

Mr. McKELLAR. Mr. President, before the Senator puts that in, may I interrupt him and say to him that the chairman of the Appropriations Committee is here now; and I should like to have him make a statement in reference to this appropriation that has been mentioned in connection with the Power Commission before the Senator takes up the other subject. The Senator from Washington [Mr. JONES] is here, and will make that explanation to the Senate.

Mr. DILL. The statement I made is already in the RECORD. In brief, it was this—that I hoped the Appropriations Committee having charge of the independent offices bill would bring before the committee Mr. King, the accountant of the Power Commission, in order that the committee might know the situation in that commission as to the need of additional employees in the form of accountants and valuation experts to bring down to date the accounts of these power companies that have permits. The commission, represented by Mr. Bonner, say that they do not need any more money; but the records before the Interstate Commerce Committee, presented to it in the last few days, show that there is great need of it. I simply was saying that I thought the committee ought to call Mr. King before it. He has been the commission's accountant ever since 1921.

Mr. JONES. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to his colleague?

Mr. DILL. I yield.

Mr. JONES. I was out of the Chamber when this matter came up. I want to say that the Appropriations Committee has taken the regular course, of course, and has asked the departments whether they desired any additional appropriations, and so forth, and no request was made; but I wish to call the Senator's attention to this fact:

In the act creating the Power Commission very little authority was given in a legislative way for the employment of any force outside of that which they can get from the other departments. I have endeavored for three or four or five years to get legislation through specifically authorizing the granting to the Power Commission of additional force to cover the very matter that the Senator mentions. We ought to have legislation of that kind. They ought to have additional force. There is not any question in my mind about it; but that is the situation.

Mr. DILL. Mr. President, my colleague knows that in the bill of 1928, I think—or 1929, I am not sure which—an additional appropriation was made for employees under language that the Comptroller General approved; and there is nothing unusual in asking for additional funds. The reason why the Power Commission has not asked for these additional funds is

that Mr. Bonner, the executive secretary, says they do not need them. But let me say further to the Senator that the Appropriations Committee have authority somewhere in some of these various appropriation bills to furnish to the departments additional help that could be called for.

The Power Commission repeatedly asked for that over a series of years; and, not being able to get it, the committee a year or two ago provided additional employees for the commission; and I think there is no doubt but that it can be done, if the Senator will look into the bills of the last two years.

Mr. JONES. We can properly put almost anything on appropriation bills providing for additional force, and so forth, if no Senator makes any point of order against it and if it is authorized by legislation.

Mr. DILL. There is no point of order against the House bill as it comes over to us. There was not two years ago and there is not now.

Mr. JONES. That may be true, but we ought to have legislation. I know they ought to have additional force. I agree to that. We ought to have legislation authorizing it, too.

Mr. OVERMAN. Mr. President, are not the Secretary of the Interior and the other Secretaries who compose this commission authorized under the law to detail men from their departments to do this work?

Mr. JONES. There is an authorization under which they can call on the various departments and get details.

Mr. OVERMAN. Then the fault is in the Secretary who has not sent down the men to do this work.

Mr. JONES. They may not have the force in the departments that they can spare from their regular work.

Mr. DILL. The trouble is that the heads of the departments that form this commission do not include in their estimates additional employees who can be transferred to the Power Commission. That is the trouble with this situation.

Mr. SWANSON. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Washington yield to the Senator from Virginia?

Mr. DILL. I do.

Mr. SWANSON. It seems to me, from what has been disclosed, that there is an evil here, a wrong that ought to be corrected. It seems to me it can not be done unless the committee of which the Senator is a member will move, as a committee, an amendment to the appropriation bill when it comes in, asking for this additional sum.

If an item is put in here that is not certified by the Budget, the bill is subject to a point of order and is referred back to the committee; but the rule provides that new items on an appropriation bill are in order when moved and recommended by a standing committee.

The Committee on Interstate Commerce has disclosed this condition, and has disclosed how this great commission is being strangled and the business of the country retarded. It seems to me it is the duty of that committee to meet and direct its chairman to offer an amendment to the appropriation bill providing funds. That will not be subject to a point of order, as I understand the rule. An amendment is not subject to a point of order when moved by a committee.

Mr. DILL. Mr. President, in reply to the Senator I want to say that a method has been used in the bills in the past two years by which additional funds have been appropriated for this purpose; and I think if Mr. King is called before the Appropriations Committee the whole matter can be cleared up, and the committee can take care of that matter itself. If it can not, then the method suggested by the Senator from Virginia will be in order.

Mr. JONES. The bill has been reported, and is on the calendar. My recollection is that the rule the Senator refers to provides that an amendment recommended by a standing committee of the Senate can be referred to the Appropriations Committee, and is then in order as an amendment to the bill.

Mr. SWANSON. I do not recall the rule. I do not think it requires an amendment which has been offered by a standing committee. I think if an individual Senator offers an amendment or a new item to an appropriation bill, it must be referred; but, if I remember the rule correctly, the exception does not apply to a motion made for a new item in the appropriation bill when moved by a standing committee of the Senate. Whether it requires reference or not, the Interstate Commerce Committee has disclosed this condition of affairs. It has taken the evidence. It has reached a conviction that this commission is being strangled by lack of funds through a conspiracy, if these statements are true. It seems to me that with that condition of affairs it is the duty of the Interstate Commerce Committee, by resolution, to direct its chairman to offer an amendment to this appropriation bill to obtain the funds needed, and then it will be in order.

The PRESIDING OFFICER. The Chair will state to the Senator that any Member of the Senate can offer from the floor an amendment that has been recommended either by a standing committee or by the Budget Director, and it will be in order.

Mr. SWANSON. I understand that if a resolution or a bill has passed Congress, it is not subject to the exception when offered as an amendment, but my recollection is that where it is moved by order of a standing committee of the Senate it is in order. What is the use of coming in here with this matter in such a way that one Senator can object to the appropriation of this money, and then the bill will be passed? The right way to proceed is for this committee that knows the facts to meet and decide what money it wants, and then move its adoption on the bill, which will be in order, and not subject to being ruled out upon objection of one Senator.

Mr. JONES. Mr. President, may I suggest that the rule will speak for itself. I have not read it for some little time. It is very plain; but I think some action should be taken along these lines. I have felt that this matter is one that is really within the jurisdiction of the Commerce Committee, because the water power act originally came from the Commerce Committee; but I shall make no quibble over what committee it comes from, so far as that is concerned.

Mr. DILL. I want to say to the Senator that I think the situation here is such that the Appropriations Committee would be justified in taking the bill back from the calendar and holding further hearings. This matter is of extreme importance to the country; and I think the Appropriations Committee as well as the Interstate Commerce Committee ought to be informed about it.

Mr. JONES. The Appropriations Committee is not a legislative committee. We are going to hold the appropriations down, so far as we can, to those matters that are authorized by law. If the regular steps are taken under the rules to get a matter before the Appropriations Committee, that committee will act.

Mr. SWANSON. Mr. President, will the Senator from Washington yield for a minute?

Mr. DILL. I yield.

Mr. SWANSON. I have the rules here. Rule XVI is clear and specific as to how this remedy can be obtained. It provides that no new item shall be proposed to an appropriation bill—

> Unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act, or resolution previously passed by the Senate during that session; or unless the same be moved by direction of a standing or select committee of the Senate, or proposed in pursuance of an estimate submitted in accordance with law.

The rule is clear, it is explicit, that if the Interstate Commerce Committee will take action, and direct its chairman to move an amendment to this appropriation bill, it is in order, and, if the majority of the Senate wants it, it can pass it.

There is no use in talking about relief without taking the proper methods to get it. It seems to me that to make a motion here of such a nature that with one man against it an objection would prevail, when it is not moved by a standing committee, is simply a waste of time. Let the Interstate Commerce Committee meet, let it estimate what is needed in the way of a fund, and then direct it to be moved to this appropriation bill, and it is in order and will become law if we can get a majority of the Senate to vote for it.

GREAT NORTHERN AND NORTHERN PACIFIC MERGER

Mr. DILL. Mr. President, I had just started to discuss the report of the Interstate Commerce Commission, and I want to say a word further about it.

The report of the Interstate Commerce Commission on the consolidation of the Great Northern Railway Co. and the Northern Pacific Railway Co., by a majority of the members, two members dissenting and two disagreeing as to certain parts of the order, provides that these railroads may consolidate on condition that they divorce themselves from the ownership of the Burlington Railroad.

I can not refrain from giving expression to the danger and to what I believe to be the damage that will result if this order is allowed to go into effect. These two railroads were built as competing lines many years ago. Ninety-six and one-tenth per cent of the stations of the two railroads are different stations. They are competing lines for large amounts of the traffic.

It is not a new thing for these railroads to desire to combine. They attempted to combine some years ago, and the matter was taken to the Supreme Court of the United States in a case

known as the Northern Securities Co. *v.* United States (193 U. S. 197). I want to read one paragraph from that decision:

* * * Let us see what are the facts disclosed by the record.

The Great Northern Railway Co. and the Northern Pacific Railway Co. owned, controlled, and operated separate lines of railway—the former road extending from Superior and from Duluth and St. Paul to Everett, Seattle, and Portland, with a branch line to Helena; the latter, extending from Ashland and from Duluth and St. Paul to Helena, Spokane, Seattle, Tacoma, and Portland. The two lines, main and branches, about 9,000 miles in length, were and are parallel and competing lines across the continent through the northern tier of States between the Great Lakes and the Pacific, and the two companies were engaged in active competition for freight and passenger traffic, each road connecting at its respective terminals with lines of railway or with lake and river steamers, or with seagoing vessels * * *.

Because of those conditions, the Supreme Court prohibited the merger. The conditions which existed then exist now, and the danger the consolidation would bring and the damage it would do, so far as the development of the country was concerned, which existed then, exist now.

If these railroads are allowed to combine, there can be but one result; that is, a cutting down of train service, the closing of some stations, the dropping of some employees, and, almost as bad, the moving of many employees from their present homes and residences to other communities. The whole situation in these Northwestern States will be upset, and it seems to me the commission has gone far beyond any permissible action in the public interest when it permits these roads to combine into one road, as it proposes to do if they will divorce themselves from the Burlington Railroad.

The commission in its report recognized the danger also of the Milwaukee line being unable to compete with the consolidated road, and to offset that danger, they say that they will cut off the connection of these roads, namely, the Burlington, with Chicago, and that will enable the Milwaukee to be a more effective competing line.

It seems to me that is an extremely far-fetched conclusion. The mere fact that this consolidated road would not have an outlet into Chicago would in no way affect the damage that will be done to the northern tier of States by the destruction of competition that will result from the consolidation of these two roads. I know of nothing that can be done to protect the Northwest except for Congress to take some action to prevent it.

I want to call attention to another fact about this decision. The law provides that the various States affected may, through their agencies, pass upon this matter and report to the commission. One of the commissioners called attention to the fact that of the 11 State bodies which intervened, only 1 favored the proposal. Yet the commission disregards the desires of these States and proposes to permit the consolidation.

I shall not take more time to read from this report, but I ask that the report may be printed in the RECORD in full and referred to the Committee on Interstate Commerce. I may add, further, that it is my intention to propose a joint resolution to prohibit this merger being effected as proposed by the railroads and declared in the public interest in this report.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington?

There being no objection, the matter was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

INTERSTATE COMMERCE COMMISSION.

FINANCE DOCKET NO. 6409[1]—GREAT NORTHERN PACIFIC RAILWAY CO. ACQUISITION—SUBMITTED OCTOBER 5, 1928—DECIDED FEBRUARY 11, 1930

1. Present and future public convenience and necessity found to require the operation and acquisition, by lease, by the Great Northern Pacific Railway Co. of the lines of railroad of the Spokane, Portland & Seattle Railway Co.

2. Acquisition by the Great Northern Pacific Railway Co., by lease and stock ownership, of control of the Great Northern Railway Co. and the Northern Pacific Railway Co., and its operation of their properties, found to be in the public interest.

3. Authority should be granted the Great Northern Pacific Railway Co. to issue its common capital stock for the purposes stated.

4. Conditions precedent to the findings stated, and the record held open for further appropriate proceedings.

Hines, Rearick, Dorr, Travis & Marshall, W. D. Hines, C. H. Hand, jr., J. P. Babcock, Davis, Polk, Wardwell, Gardiner & Reed, E. S. S. Sunderland, F. L. Polk, and E. C. Crossman for Great Northern Pacific Railway Co.; D. F. Lyons for Northern Pacific Railway Co.; F. G. Dorety for Great Northern Railway Co., City of Devils Lake, N. Dak., Civic and Commerce Association of Devils Lake, Civic and Commerce Association of Bemidji, Minn., Booster Club of Garretson, S. Dak., town of Sherman, S. Dak., city of Red Lake Falls, Minn., South Dakota State Chamber of Commerce, and Yankton (S. Dak.) Chamber of Commerce; C. A. Hart and C. H. Carey for Spokane, Portland & Seattle Railway Co.; F. H. Wood, Cravath, Henderson & De Gersdorff, A. McCormack, D. C. Swatland, and O. W. Dynes for Chicago, Milwaukee, St. Paul & Pacific Railroad Co., and receivers of Chicago, Milwaukee & St. Paul Railway Co.; M. M. Joyce and G. M. Swanstrom for receiver of Minneapolis & St. Louis Railroad Co.; Moultrie Hitt, C. A. Miller, Hitt & Miller, and G. K. Munson for Electric Short Line Terminal Co., La Crosse & Southeastern Railway Co., Leavenworth & Topeka Railroad Co., Minnesota Western Railroad Co., Minneapolis & Rainy River Railroad Co., Waterville Railway Co., Wisconsin & Michigan Railroad Co., and Wyoming Railway Co.; H. S. Mitchell and A. H. Lossow for Minneapolis, St. Paul & Sault Ste. Marie Railway Co.; E. P. Burch and Shearer, Byard & Tragner for Minneapolis, Anoka & Cuyuna Range Railway Co.; G. L. Martin for Minneapolis, Northfield & Southern Railway Co.; A. Ueland for Minneapolis, Red Lake & Manitoba Railway Co.; Pete Hedgpeth for Rockport, Langdon & Northern Railway Co.; R. M. Shaw and F. H. Towner for Chicago Great Western Railroad Co.

E. C. Lindley for himself and Clara Hill Lindley, I. Bowen, F. W. Matson, W. E. Hustleby, A. L. Flynn, O. P. B. Jacobson, and C. J. Laurisch, for Railroad and Warehouse Commission of Minnesota; S. Bryan for Railroad Commission of Wisconsin; C. Webster and F. Woodruff for Board of Railroad Commissioners of the State of Iowa; S. Robinson and D. Lewis for Board of Railroad Commissioners of the State of Iowa, B. M. Richardson, commissioner, Burlington (Iowa) Shippers' Association, and Nebraska State Railway Commission; L. E. Golden for Burlington (Iowa) Shippers' Association and Greater Burlington Association; U. G. Powell for Nebraska State Railway Commission; J. Fletcher and N. Garrett for State of Iowa; H. A. Hanson and J. J. Murphy for Board of Railroad Commissioners of the State of South Dakota; F. Milhollan, E. M. Hendricks, T. C. Madden, Fay Harding, and C. W. McDonnell for Board of Railroad Commissioners of the State of North Dakota; O. O. Calderhead and J. M. Thompson for Public Utilities Commission of the State of Idaho; J. P. Neal, J. C. Denney, H. C. Brodie, and C. R. Lonergan for Department of Public Works of State of Washington; H. H. Corey for Public Service Commission of Oregon; H. T. Bone for port of Tacoma and port of Seattle, Wash.; E. M. Hayden for Tacoma Chamber of Commerce; K. G. Harlan for city of Tacoma; J. W. McCune for Chamber of Commerce of Tacoma, port of Tacoma, and city of Tacoma; L. G. McIntyre and S. J. Wettrick for Seattle Chamber of Commerce; C. O. Bergen for Spokane Merchants' Association; W. P. Chestnut, W. J. Lane, E. J. Schonberg, and W. H. Magill for Fargo (N. Dak.) Chamber of Commerce; N. E. Williams for Commercial Club of Fargo and Farmers Grain Dealers' Association of Montana; P. A. Lee for Farmers Grain Dealers' Association of North Dakota; T. A. Durrant for Grand Forks (N. Dak.) Commercial Club; F. S. Keiser and B. W. Forbes for chamber of commerce and city council of Duluth, Minn.; J. B. Faegre for public affairs committee of Superior (Wis.) Chamber of Commerce; A. A. Stewart for city of St. Paul, Minn.; H. Mueller for St. Paul Association of Public and Business Affairs; F. B. Townsend and A. C. Wiprud for Minneapolis (Minn.) Traffic Association and Minneapolis Civic and Commerce Association; C. T. Vandenover for Southern Minnesota Mills; J. H. Tedrow and W. R. Scott for Chamber of Commerce of Kansas City, Mo.; C. E. Childe for Omaha (Nebr.) Chamber of Commerce; W. C. McCulloch and J. N. Teal for Portland (Oreg.) Traffic and Transportation Association; F. H. Moses for Wenatchee-Okanogan Cooperative Federation, and town council and Chamber of Commerce of Cashmere, Wash., G. C. Jones for Okanogan (Wash.) Commercial Club; H. B. Smith for Northern Pacific Beneficial Association.

P. Butler, jr., for village of Bagley, Minn., Commercial Club of Hallock, Minn., Red River Farmers Club, of Kittson County, Minn., Chamber of Commerce of St. Cloud, Minn., city of Wilmar, Minn., village of Fosston, Minn., city of Benson, Minn., Sauk Center (Minn.) Community Club, Long Prairie (Minn.) Commercial Club, city of Breckenridge, Minn., and Morris (Minn.) Commercial Club; H. E. Brown for City Council and Chamber of Commerce of Sand Point, Idaho, and Kootenai Valley Commercial Club, of Bonners Ferry, Idaho; ——— Brown for village of Arnegard, N. Dak., Commercial Club of Alexander, N. Dak., Watertown (S. Dak.) Chamber of Commerce, and Watford City (N. Dak.) Commercial Club; D. A. Caldwell for Moorhead (Minn.) Chamber of Commerce; C. E. Chase for Pateros (Wash.) Commercial Club and Omak (Wash.) Commercial Club; W. D. B. Dodson for Albany (Oreg.) Chamber of Commerce, Chamber of Commerce and city of Eugene, Oreg., Bend (Oreg.) Chamber of Commerce, Salem (Oreg.) Chamber of Commerce, city of Prineville, Oreg., and Prineville Business Men's Club; J. Gellatly for Commercial Club of Harrington, Wash., Commercial Club of Davenport, Wash., Chamber of Commerce and town of Ephrata,

[1] This report also embraces Finance Docket No. 6410, Great Northern Railway Co. and Northern Pacific Railway Co. Control, and Great Northern Pacific Railway Co. Securities.

Wash.; G. W. Hartwell for Town Council and Chamber of Commerce of Colville, Wash., Commercial Club of Chewelah, Wash., and Town Council of Deer Park, Wash.; O. B. Herigstad and Oppenheimer, Dickson, Hodgson, Brown & Donnelly for Association of Commerce and city of Minot, N. Dak., city of Lansford, N. Dak., and Ward County, N. Dak.; H. B. Nelson and Oppenheimer, Dickson, Hodgson, Brown & Donnelly for city and Community Club of Rugby, N. Dak.; Oppenheimer, Dickson, Hodgson, Brown & Donnelly for village of Cogswell, N. Dak., village and Commercial Club of Havana, N. Dak., city and Civic Club of Langdon, N. Dak., city of Cavalier, N. Dak., Williston (N. Dak.) Commercial Club, city of Lakota, N. Dak., and town of Forman, N. Dak.; J. C. Kelly for Crookston (Minn.) Association of Public Affairs; I. B. Knickerbocker for Auburn (Wash.) Chamber of Commerce and Kiwanis Club; R. G. Lineberger for Hill County (Mont.), Hill County Marketing Association and Farmers Grain Exchange, Teton County (Mont.) Shipping Association, town of Choteau, Mont., city of Fort Benton, Mont., city, Chamber of Commerce, Kiwanis Club, and Rotary Club of Havre, Mont., Community Club of Conrad, Mont., Lions Club of Shelby, Mont., town of Browning, Mont., and Chamber of Commerce of Whitefish, Mont.; A. Nelson for Sidney (Mont.) Commercial Club, Sidney Kiwanis Club, town of Lambert, Mont., Fairview (Mont.) Commercial Club, Savage (Mont.) Community Club, Town Council of Plentywood, Mont., mayor and City Council of Glasgow, Mont., Glasgow Chamber of Commerce and Agriculture, city and Commercial Club of Wolf Point, Mont., city and Commercial Club of Malta, Mont., and Commercial Club, mayor, and City Council of Scobey, Mont.; F. R. Pendleton for Washington Wood Preserving Co.; W. A. Shoemaker for Community Club of Windham, Mont., Town Council of Stanford, Mont., Billings (Mont.) Commercial Club, City Council of Belt, Mont., Commercial Club of Buffalo, Mont., town of Hobson, Mont., Judith Basin County Produce Marketing Association, Judith Milling Co., Community Club of Moccasin, Mont., and Commercial Club of Raynesford, Mont.; R. V. Welts for city and Chamber of Commerce of Edmonds, Wash., city and Ad Club of Snohomish, Wash., city and Ad Club of Sultan, Wash., city and Chamber of Commerce of Mount Vernon, Wash., city and Chamber of Commerce of Anacortes, Wash., city and Commercial Club of East Stanwood, Wash., city and Chamber of Commerce of Blaine, Wash., and cities of Gold Bar, Index, Burlington, Lyman, and Sumas, Wash.; ——— Robinson for Keokuk (Iowa) Chamber of Commerce Traffic Bureau; T. H. Trelford for St. Louis County, Minn., and himself; O. W. Tong for Montana Coal & Iron Co.; F. J. Edwards, B. M. Richardson, and A. A. Seaborg for themselves; R. D. Lytle for North Pacific Millers' Association; ——— Bronson for North Dakota Terminal Exchange.

REPORT OF THE COMMISSION

By the commission:

On July 8, 1927, the Great Northern Pacific Railway Co., hereinafter sometimes referred to as the new company, and the Spokane, Portland & Seattle Railway Co., hereinafter sometimes referred to as the Spokane Co., filed a joint application under section 1 (18) and section 5 (2) of the interstate commerce act for a certificate and order authorizing the new company to operate and to acquire by lease for 99 years the lines of railroad and other properties of the Spokane Co. The new company proposes to operate the Spokane Co.'s lines, but not those of its subsidiaries, the Oregon Electric Railway Co., Oregon Trunk Railway, and United Railways Co. The application is made with the consent and approval of the Great Northern Railway Co. and the Northern Pacific Railway Co., hereinafter sometimes referred to as the northern companies or lines, which own substantially all the capital stock and all the bonds of the Spokane Co. In a separate application, made under section 20a of the act, authority is sought by the new company to issue 10 shares of its common capital stock, without par value, for the purpose of perfecting its organization under the laws of Delaware, and to assume liability in respect of securities to the extent that such liability is involved in the terms of the proposed lease. Both of these applications are filed in Finance Docket No. 6409.

On the same date the new company, the Great Northern Railway Co., and the Northern Pacific Railway Co. filed a joint application under section 5 (2) of the act for an order authorizing the new company to acquire by lease and stock ownership control of the properties of the Great Northern and Northern Pacific Railways pursuant to a certain plan and deposit agreement. The leases are essentially the same and are for a term of 99 years. A separate application is made by the new company, under section 20a of the act, for authority to issue not to exceed 4,970,976 shares of its common capital stock, without par value, represented by certificates in definitive form, or in temporary form exchangeable for definitive certificates when prepared. This stock is to be issued in exchange, share for share, for stock of the northern companies as delivered to the new company under the plan. Authority is also sought under section 20a by the new company to assume liability in respect of securities to the extent that such liability is involved in the terms of the proposed leases. Both of these applications are filed in Finance Docket No. 6410.

All these companies, except the new company, are carriers by railroad subject to the interstate commerce act. The new company expects to acquire the status of a common carrier upon the granting of the application, in Finance Docket No. 6409, for authority to lease and operate the Spokane Co.

The several applications are considered together as interdependent parts of a proposal for the unified operation and management of the northern companies and the Spokane Co. A hearing upon them has been had, briefs have been filed, and the cases have been argued orally.

Intervening petitions were filed by 147 local associations, municipalities, business organizations, etc., of which 119 favored the granting of the applications and 18 were definitely opposed. Of the 11 State bodies which intervened, only 1 clearly favored the proposal. Of 3 counties, 2 were in favor and 1 was opposed; of 6 individuals, 1 was in favor and 5 were opposed. The interveners also included 11 minor railroad companies, 9 of which asked to be taken into the applicant's system, and 4 Class I railroad companies.

The predominating expression of approval of the proposal from territories which are largely served separately by the northern lines, should be considered along with the fact that over 96 per cent of all stations on these lines are local to one or the other of them. Thus, where direct rail competition is not a prominent factor, public sentiment seems to be generally favorable to the proposal. The total population which is purely local to one or the other line was given as 1,235,519, while that which is served by other roads as well is 2,013,330. Opposition to the plan was presented by such important interveners as the Farmers Grain Dealers' Associations of North Dakota and Montana; the State commissions of Washington, Wisconsin, Iowa, South Dakota, Minnesota, and Nebraska; the chambers of commerce or other commercial bodies of Duluth, Minn., Fargo and Grand Forks, N. Dak., Omaha, Nebr., and Tacoma, Wash.; the Southern Minnesota Mills; the receiver of the Minneapolis & St. Louis Railroad Co.; and the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. The last named, and its predecessor, the Chicago, Milwaukee & St. Paul, will be referred to herein as the Milwaukee. The most serious opposition to the granting of the applications is found in the representations made by this intervener, which contends that the proposed unification would be detrimental to its welfare and would not be in the public interest. The views of the interveners will be more fully discussed later.

The Spokane Co. operates, in the States of Washington and Oregon, 554.6 miles of line, of which 46.64 miles are branch tracks. Its main line extends from Spokane, Wash., to Portland and Holladay, Oreg., and it controls the Oregon Electric Railway Co., Oregon Trunk Railway, and United Railways Co. Originally built jointly by the northern companies, it is controlled by them through their ownership of 339,990 shares of a total of 400,000 shares of capital stock outstanding, and $73,710,000 face value of first-mortgage 4 per cent bonds of a total funded debt of $74,491,196.11. Under the terms of the proposed lease, the new company will pay, as rental, the interest on the Spokane Co.'s bonds, notes, and other obligations now outstanding, or hereafter to be issued, subject to certain conditions, except interest on the Spokane Co.'s first-mortgage 4 per cent bonds and interest on advances made by the northern companies to the Spokane Co.; an equitable proportion of the unextinguished discount on the funded debt of the Spokane Co. on which the new company pays the regular interest charges; and the sum of $1,666,466 annually for the first five years, after which it may be increased, decreased, or continued by agreement or arbitration.

The Great Northern Railway Co. operates 8,164.14 miles of line, of which 558.87 miles are in Canada. Its principal eastern termini are St. Paul, Minneapolis, and Duluth, Minn., Superior, Wis., and Sioux City, Iowa. Its principal western termini are Vancouver, British Columbia, Seattle and Tacoma, Wash., and Portland, Oreg. Incorporated under the laws of Minnesota, it is authorized to operate, and does operate, in the States of Minnesota, Wisconsin, North Dakota, South Dakota, Montana, Iowa, Idaho, Washington, and Oregon. The Great Northern is the northernmost transcontinental system in the United States.

The Northern Pacific Railway Co. operates 6,668.43 miles of line, of which 74 miles are operated under trackage rights in Canada. Its principal eastern termini are St. Paul, Minneapolis, and Duluth, Minn., and Superior, Wis. Its principal western termini are Vancouver, British Columbia, Seattle and Tacoma, Wash., and Portland, Oreg. Incorporated under the laws of Wisconsin, it is authorized to operate, and does operate, in the States of Wisconsin, Minnesota, North Dakota, Montana, Idaho, Washington, and Oregon. It owns the line between Seattle and Vancouver, Wash., and, jointly with the Spokane, the line between the latter point and Portland. The Great Northern and Union Pacific Railroad also operate between Seattle and Portland by this route.

An attempt to unify the Great Northern and Northern Pacific was made between 1893 and 1896, and again in 1901. Both projects failed because of adverse decisions of the Supreme Court of the United States, based upon consideration of the competitive nature of the lines. In Northern Securities Co. *v.* United States (193 U. S. 197), decided March 14, 1904, the court held that the arrangement was an illegal combination in restraint of interstate commerce and fell within the prohibitions and provisions of the act of July 2, 1890. The Northern Securities Co. had issued its stock upon an agreed basis in exchange for more than nine-tenths of the stock of the Northern Pacific and more than three-

fourths of the stock of the Great Northern. Following the decision above cited, the Northern Securities Co. called in 99 per cent of its outstanding stock, the holder of each share surrendered to receive $30.17 of the stock of the Great Northern and $39.27 of the stock of the Northern Pacific. In Harriman v. Northern Securities Co. (197 U. S. 244) the Supreme Court affirmed an action of the lower court denying a temporary injunction against the pro rata distribution of the stock holdings of the Northern Securities Co. It is worthy of note in connection with the case before us that, as a result of the rulings by the highest court in the Northern Securities Co. cases, a common control of the northern companies through stock ownership was created.

It was stated that December 31, 1926, the same persons owned about 63 per cent of Northern Pacific stock and 59 per cent of Great Northern stock, or, collectively, that 61 per cent of the total capital stock of both companies was held by the same stockholders. Excluding stock held in brokers' names, approximately 46 per cent was so held. The applicants believe, if the persons ultimately entitled to the stock held by brokerage firms are considered, that more than 50 per cent of the stock of each company is held by the same stockholders. In 1901 the northern lines acquired joint control of the Chicago, Burlington & Quincy Railroad Co., hereinafter referred to as the Burlington. Approximately 97 per cent of the Burlington's capital stock was purchased and is owned in equal parts by the northern companies. Expenditures exceeding $230,000,000 have been made in constructing the Spokane and other connecting lines, and in providing joint facilities to be used by two or more of the three major systems.

The new company was incorporated under the laws of the State of Delaware June 18, 1927, with the power to operate in any State other than Delaware. Prior to effecting the proposed leases, it proposes to secure such additional authority as may be required to enable it to operate in each of the several States where the Spokane and the northern lines are situated. At the present time the new company is not a common carrier. Its authorized capital stock is substantially equal to the combined capital stocks of the northern companies.

The terms of the proposed leases of the northern companies to the new company are similar. The demised properties include all rail lines owned and all interest of the lessors in leased lines, easements, trackage, and terminal rights, lines jointly owned, equipment, franchises, real estate, and after-acquired property. Assignment is made of all right, title, and interest in shares of stock, bonds, and other securities owned and held. Current assets, claims, and material and supplies are also included, with a provision for an accounting at the expiration of the leases. Exception is made in the case of lands granted to the lessors in aid of construction by the Government or by the States, claims which can not be assigned, and the general books and corporate records of the lessors. The rental to be paid by the new company consists of interest on equipment trusts, bonds and notes of the lessor companies, including extensions and future issues, and provision for unextinguished discount on the lessors' funded debt. Subject to its obligation to account to the lessors at the termination of the leases for such amounts as have not been distributed in dividends, the lessee reserves to itself complete and absolute discretion as to the use of surplus accumulated out of income from the operation and use of the demised properties during the terms of the leases, but agrees to pay nonassenting stockholders of the northern companies the same dividends as are paid to its own stockholders and, further, to purchase stock of the nonassenting stockholders, after the execution of the leases, at a fair value. In the event of failure of the parties to agree as to the fair value, the leases provide that it shall be determined by us or by arbitration. The lessors are obligated for capital expenditures, and will issue their securities to refund outstanding obligations and to finance or reimburse the lessee for capital expenditures. Such securities are to be accepted by the lessee at fair value, which, in the case of stock having a par value, shall be not less than par.

The proposed leases were duly authorized by the boards of directors of the lessor companies and the new company. The attitude of the stockholders of the northern companies is expressed by the deposit of approximately 70 per cent of the stock of each of these companies with the deposit committee. This, the committee and the applicants consider, assures approval of the plan and authorization of the proposed leases by an affirmative vote of the requisite amount of stock of each of the northern companies.

Under the plan, the securities owned by the northern companies will be held and enjoyed by the new company for a term of 99 years. As proposed, the new company would control the Burlington by virtue of its acquisition of 1,660,232 shares, or about 97 per cent of the capital stock of that company. With its subsidiaries, the Burlington operates a total of approximately 11,473 miles of line, reaching Chicago, St. Louis, Denver, and Kansas City, as well as important points in Texas via the controlled Colorado & Southern Railway and its subsidiaries.

Certain preliminary questions raised by the protestants are so fundamental in character that we may appropriately dispose of them at this point. Our jurisdiction to grant the applications as presented was challenged, a lack of supporting evidence was alleged, even if our jurisdiction be assumed, and the illegality of the deposit agreement was represented to be such as to warrant a dismissal of the applications. Under section 1 (18) of the act, in many instances we have issued certificates of public convenience and necessity permitting corporations organized for the purpose of engaging in transportation by railroad, but not so engaged, to operate existing lines. When dealing with the application in Finance Docket No. 6409, wherein the new company seeks authority to lease and operate the Spokane, we are not denied by the antitrust laws the power to grant a certificate, or hindered by a lack of evidence to show the effect, on the public interest, of the proposed lease and operation. As the change of control of the Spokane will be in form only, and as its ownership will remain with the northern companies, in whose interest it operates, there can be no violation of any laws designed to prevent restraint of trade through the acquisition of a carrier by a parallel and competing line. In regard to the sufficiency of the evidence, we consider that the record, reflecting a hearing held upon both applications together, may be used with propriety where applicable to Finance Docket No. 6409. And, where dealing with matters particularly associated with the application in Finance Docket No. 6410, the evidence is material, inasmuch as the lease of the northern lines to the new company is the main objective sought, and, indeed, may be the determining factor or controlling consideration in Finance Docket No. 6409. Upon an affirmative showing in favor of the plan embraced in the two applications, as it affects the northwestern lines, a certificate of public convenience and necessity under section 1 (18) may be issued to the new company to permit it to operate the Spokane. When operation by virtue of such authority has begun we may, by an appropriate order under section 5 (2), authorize the new company to acquire control of the Spokane by lease, and we may further authorize it, under the same provision of the act, to acquire control of the northern companies. To issue a certificate under section 1 (18), and to follow it by successive orders under section 5 (2), according to the formal carrying out of each step in the program, would be an unnecessary and overtechnical procedure. By concurrently issuing our certificate and orders, we would be following an expeditious and reasonable course which we deem fully within our power to adopt. In regard to the status of the deposit committee, its powers appear in some respects exceedingly broad, but its effective control of the northern lines, in any sense adverse to the antitrust laws, is forestalled by the condition of the deposit agreement which subjects the committee's action to our approval in respect of the arrangement to be adopted. To compare the deposit committee with the Northern Securities Co. is fallacious. The deposit committee is an appropriate means chosen to accomplish a certain legitimate end rather than the end itself.

A motion was made by counsel for the Milwaukee to dismiss the applications on the grounds that no application had been presented by the new company specifically asking authority to acquire control of the Burlington; that if the present application in Finance Docket No. 6410 be considered to cover such acquisition it does not conform to our rules in such cases, nor has an adequate showing been made in the record that the acquisition by the new company would be in the public interest. These matters are disposed of by our conclusion that the public interest requires an ultimate separation of the Burlington from the control of the northern lines. On December 9, 1929, we announced the adoption of a plan, under section 5 (4) and (5) of the act, which provides for the consolidation of the railway properties of the continental United States into a limited number of systems (159 I. C. C. 522). Under this plan the northern lines and the Spokane are placed in System No. 12, while the Burlington and its subsidiaries are placed in System No. 14. Although the applicants' plan does not contemplate actual consolidation, it is of such permanent character that our approval of it, with control of the Burlington passing into the same hands that would control the northern lines, would be clearly incompatible with our consolidation program. This is not to say that the northern lines should be denied a permanent entrance into the Chicago district; that question we are not deciding now. The discussion of the applicants' proposed unification which follows will have to do with the merits of the plan without reference to the Burlington, and our findings will be made in the light of conclusions reached in our study of the general consolidation scheme.

Foremost among the considerations in favor of the proposed unification is the feasibility of making large operating economies. Studies presented by the applicants show that the possibilities in this direction are very great. The various detailed estimates introduced by the applicants may be summarized as follows:

	Annual savings
Rerouting of traffic by shorter lines	$1,536,328
Use of Rosebud coal on Great Northern between Casselton, N. Dak., and Spokane, Wash	2,282,157
Diversion of passenger trains from Prairie to Port Defiance line (one example of possible savings in routing passenger trains)	27,300
Transportation of ballast (one example of possible savings in hauling material)	20,409
Hauling treated ties between Spokane and Ellensburg, Wash	6,950
Treating ties in Minnesota	95,000
Unification of facilities at Breckenridge, Minn., and Wahpeton, N. Dak	19,945

	Annual savings
Proposed changes at Head of Lakes, Hinckley, and Sandstone, Minn.	$548,302
Proposed changes at Sand Point, Idaho, and Spokane, Wash.	300,547
Rerouting freight at Auburn yard, Wash.	81,480
Unification of facilities at the Twin Cities	705,320
Unification of facilities at points on the Dakota division	366,968
Unification of facilities at 10 common points, St. Cloud, Minn., to Butte, Mont., inclusive	196,516
Unification of facilities at Seattle, Tacoma, Portland, etc., including rearrangement of train service	868,779
Rearrangement of shops	536,403
Accounting economies	669,399
Purchasing and stores departments	1,063,571
Traffic expenses	817,437
Total	10,142,811

The most important items entering into the estimate for rerouting of traffic cover the lines between Laurel, Mont., and points between Bonners Ferry and Sand Point, Idaho, and between Sand Point and Casselton, N. Dak. In the first case, the Northern Pacific will be substituted for the Great Northern in the handling of approximately 1,100,000 gross tons of freight, with a saving in distance of 107 miles. The second involves a change from the Northern Pacific to the Great Northern, with a saving in distance of 101 miles on traffic of about 3,800,000 gross tons. The estimated savings from these two changes amount to approximately $1,000,000 per year. Other items bring the total estimate for economies in the rerouting of traffic to $1,536,328. The protestants, except by their contention that this kind of savings could generally be accomplished by operating agreements between the carriers without unification, offered no serious objection to these estimates. Where the lengths of lines involved in a rerouting program are as great as here—the distance between Sand Point and Casselton, for instance, being 1,100 miles or more, the impracticability of making such savings without unification is readily understood. The Milwaukee's former president admitted as much.

By the use of the Northern Pacific's so-called Rosebud coal it is estimated that a net annual saving of $2,282,157 can be made by the Great Northern in handling traffic between Casselton and Spokane. This subbituminous coal covers an extensive area in southeastern Montana and is mined by steam shovels after stripping the overlying material. The Northern Pacific owns mineral rights on odd-numbered land sections embracing approximately 316 square miles, which are estimated to contain nearly 4,000,000,000 tons of coal. The title to the land or mineral rights lies in the Northwestern Improvement Co., a subsidiary of the Northern Pacific. The improvement company also has leased from the Federal Government an area of 2,428 acres, corresponding to about four of the even-numbered sections, on which it pays a royalty of 10 cents per ton. This coal has been used successfully on the Northern Pacific, and in future it could be used on all locomotives of that road between Dilworth, Minn., and Spokane. In 1916 it cost 98 cents a ton loaded on cars, but with the increased output consequent on its use by the Great Northern it can be loaded on cars at an estimated cost of 88 cents a ton. While the evidence shows that a considerable saving in fuel expense could be effected by the Great Northern if it were able to make some kind of operating agreement with the Northern Pacific by which it could reach the Rosebud field, such an arrangement involves certain difficulties. These difficulties might be overcome in time, but through the unification proposed there is very little doubt that a very large reduction in operating expenses could be quickly realized.

By consolidation of service at terminals at the head of the Lakes, including Superior, Wis., Duluth, Sandstone, and Hinckley, Minn., and the abandonment of 26 miles of Northern Pacific main and branch line between Superior and Cloquet, Minn., it is estimated that an annual saving of $548,302 can be effected, the largest item of which is $203,475, due to the contemplated elimination of one ore dock at Superior. The necessity for rebuilding this dock was questioned, but the weight of the testimony indicated that this necessity would exist unless unification of the northern lines is effected.

Savings from the consolidation of facilities and operations at Spokane and Sand Point are estimated at $300,547; from the unification of terminal facilities at the Twin Cities, $705,320; by consolidating some and abandoning other facilities at common points on the Dakota division, $366,968; at 10 common points between St. Cloud, Minn., and Butte, Mont., $196,516. By consolidation of service at terminals and other points, consolidation and rearrangement of freight-train service, and abandonment of two short branches it is estimated that a saving of $868,779 can be effected on the lines between Portland and Vancouver, British Columbia, including $164,076 at Seattle, $55,292 at Tacoma, $100,597 at Portland, $74,327 at Everett, Wash., train service north of Seattle, $112,829; train service between Seattle and Portland, $257,600; and abandonment of a branch line between Cloverdale and Abbotsford, British Columbia, $49,086. Many of the economies here mentioned are thought by the protestants to be possible without unification of the carriers. Granting this to be true in theory, the assurance given by the applicants' plan that these savings can be actually realized is an important consideration in favor of the unification. The proposal that the terminals of all railroads entering Tacoma be operated in common is discussed elsewhere in this report.

It is proposed to consolidate in 15 shops the work now done in 17, to reduce the number of men employed about 3.4 per cent, and to reduce the pay roll about 4 per cent. In addition to this there would be savings on material and maintenance, which, however, are offset to some extent by the carrying charges on new buildings and the cost of moving machinery. The net result is an estimated annual saving of $536,403 in rearrangement of shops on the northern lines. It appears unlikely that any economies of this kind could be made without unification. The applicants' plan is to reduce present shop forces gradually and along with the current "turnover," which is about 6 per cent. The policy of the Northern Pacific has been not to build equipment in its shops. Approximately one-fourth of the Great Northern's expenditures for new equipment during the past seven years has been in its own shops. The announced plan of the unified lines to manufacture twice as much equipment as has been built by the separate companies will tend to have a beneficial effect on the territory. The Northern Pacific Beneficial Association, which maintains four general hospitals for the benefit of employees, and furnishes medical and nursing service to its members, would not be adversely affected by the unification.

By consolidating the accounting departments of the northern lines and the Spokane Co. it is estimated that an annual saving of $669,399 can be effected. This includes $108,534 from reduction in forces on the northern lines and $210,865 due to the elimination of the accounting offices of the Spokane Co., to which is added $350,000 for future economies resulting from the unification. Within a year after unification the number of clerks could, it is contended, be reduced from approximately 1,640 to 1,431, and within three or four years to about 1,200. In the purchasing and stores departments it is estimated that annual savings of $596,693 and $466,878, respectively, will be made, with a total for the two departments of $1,063,571. The annual savings in traffic expenses are estimated at $817,437, which includes traffic agencies, $328,629, advertising, $452,080, and stationery and printing, $34,934. Additional savings are expected from the standardization of equipment and materials, and in the use of equipment. While the full benefit of all these economies would not be realized for several years after the plan became operative, and although in some details the estimates seem open to question, there is little reason to doubt, from the evidence, that, with efficient management, an annual reduction in the aggregate operating expenses of the northern lines of approximately the amount stated could be ultimately effected. Measured by the ratio of net railway operating income to valuation, such a reduction in operating expenses would go far toward producing a rate of return of 5.75 per cent for the unified lines.

In support of their proposal, and particularly in connection with the operating economies anticipated, the applicants lay emphasis upon the need for strengthening the northwestern railroads, both because industrial conditions demand that the cheapest possible transportation be provided, and because the opportunity of these roads to improve their earnings has not kept pace with that of carriers in other sections of the country. Statistical exhibits show that the net railway operating income of the roads of the northwestern region was less in 1925 than in 1916, and diminished from the average amount for the four years 1923–1926, while the aggregate of Class I roads in every other region showed increases of varying degree. On the northwestern roads the increase in total tons of freight transported was less between 1916 and 1925 than in any other section except the eastern district, but the increase in the average rate per ton-mile was much less than in that district. A still more unfavorable showing for the northwestern carriers was made in the matter of passenger business. And it was indicated that the experience of the northern lines and the Spokane Co. in respect of operating revenues, ton-miles of freight, average rate per ton-mile, and other items, was somewhat less favorable than that of the northwestern carriers as a whole. It appears, however, from other evidence presented by the applicants, that the rate of return earned by the northern lines in 1926 was materially higher than that of the northwestern roads generally. The same evidence shows that the combined lines of the proposed Great Northern Pacific system earned a higher rate of return in 1926 than during the four years 1923–1926. Computations made by the Milwaukee indicated a steady increase in the rate of return of the combined roads during those four years. The rate in 1926 was given as 4.87 per cent by the applicants' exhibit and 5.24 per cent by the Milwaukee's. Certain other systems were shown to have had higher rates than these, but, taking the maximum figure computed for the Milwaukee, that system earned only 2.71 per cent in 1926. Apparently the managers of the northern lines have been able to operate their properties in such a way as largely to offset the disadvantages pointed out, and it is not clear that these roads are in such poor financial condition, compared with the western district carriers as a whole, that they, particularly, require the benefits of unification. However, where large operating economies are feasible, they should be made, as a matter of public interest. As to the effect of these economies on the shippers, the record shows that certain rate changes, such as those due to the elimination of 2-line hauls and the elimination of switching

charges, should result from the plan, but that no general revision of the rate structure is promised, or can be expected in the immediate future. The operating changes proposed are such as ultimately to reduce rates or to prevent advances.

It was contended by the Milwaukee that less than 50 per cent of the total savings estimated by the applicants is dependent upon unification. We recognize the affiliation existing between these carriers, but we are not convinced that a program of change and rearrangement as extensive as the one prepared by the applicants can be successfully carried out without complete unification and single control of all the facilities. Again, it was contended that an impairment of efficiency in operating management would accompany the creation of so large a system. We see no reason to treat this suggestion as other than a remote contingency. In fact, the record shows that it is proposed to divide the combined northern roads into two major divisions having approximately equal mileages east and west of the Montana-North Dakota line, the eastern division to have its headquarters at St. Paul and the other division its headquarters at some western point. By this arrangement the inspection of lines by general officers would be more advantageously made than at present. Efficient operation of the proposed system, and close contact between operating officials and the local public, reasonably may be expected from such a plan.

The applicants' proposal to reduce the expense of operation is entirely sound in principle, and is entitled to serious consideration as a step toward ultimately reducing the cost of transportation, thus tending to prevent increased rates, if not to lower existing rates, and aiding in the development and prosperity of the territory.

Among the immediate advantages to the public offered by the plan are quicker service by the use of shorter routes, and more expeditious handling of cars at terminals; the substitution of 1-line rates for higher 2-line rates affecting a considerable amount of traffic in sand, gravel, grain, hay, pulp wood, livestock, etc.; the more effective use of team tracks, now available only to shippers on one or the other line; augmented car supply by virtue of the availability of the equipment of both roads; and the elimination of switching charges for movements between the two lines. Service, it is stated, would be generally improved. Every local point on the northern lines would automatically become located on the enlarged system, and the unification would thus tend to broaden the markets available to shippers, particularly to the shippers of timber. The new company proposes to carry on and to enlarge the work of colonization and agricultural and industrial development, which is now divided, and to engage in the manufacture of equipment locally to a greater extent than is done now. As controverting the evidence on these matters, it is no answer to say that the merger of any two parallel and competing lines would yield many of the transportation and other benefits mentioned, nor can it be fairly assumed that the new management would be less energetic and capable than that of the present companies.

The applicants' showing of public advantages, however, is not to be accepted without qualification. For example, the amount of traffic which would be affected by a substitution of 1-line rates for 2-line rates is not disclosed. A similar uncertainty surrounds the aggregate amount to be saved to the shippers by the proposed elimination of switching charges. On shipments originating at and destined to competitive points these charges are now generally absorbed by the line-haul carrier. If the savings in these respects prove to be material, a corresponding reduction in the revenues of the combined roads would seem to be inevitable, and the operating economies estimated by the applicants to that extent would be offset.

In the practical working of the unified system all the advantages which the applicants offer to their local public may not be realized, and yet there is ample evidence to show that substantial benefits in the respect just considered would be afforded. On the whole, we think that the plan in these respects would be in the public interest.

With respect to the maintenance of existing routes and channels of trade and commerce the applicants refer in support of their plan to the long-standing community of interest between the northern lines and between them and the Burlington. Special attention was called to the large sums which have been expended in constructing connecting lines and joint facilities. Statistics showing the number of cars interchanged were presented. Testimony of the president of the Burlington in the early consolidation proceedings was admitted in evidence. As much of this showing had to do with the traffic relations between the Burlington and the northern lines it is largely immaterial in our present view of the unification proposal. Whether the more complete amalgamation of the northern companies would disturb the flow of traffic between them and the numerous connecting roads not involved in the unification is the primary question to be considered here. According to the exhibits introduced, the Great Northern interchanges traffic with 58 connections and the Northern Pacific with 42. During 1926 the Great Northern's interchange with the Milwaukee was 68,851 loaded cars, and with the Minneapolis & St. Louis, hereinafter referred to as the M. & St. L., 34,389 loaded cars. The Northern Pacific's interchange with these roads was, respectively, 61,983 and 22,196. Between the Great Northern and the Northern Pacific, 84,341 loaded cars were interchanged. None of the roads with which important interchange is carried on, except the M. & St. L., intervened in these proceedings or expressed any concern as to a possible curtailment of their traffic. The M. & St. L. professes to believe that the Great Northern Pacific, if it controlled the Burlington, would find it advantageous to divert through traffic from Minnesota Transfer, a terminal facility at the twin cities of Minneapolis and St. Paul, Minn., to the Burlington via the Billings gateway, causing thereby a loss in the amount of interchange between the northern lines and the M. & St. L. at Minnesota Transfer. The traffic manager of the Southern Minnesota Mills expressed the view that more traffic would be routed over the Burlington than is now so routed, but Nebraska interests were of the opposite opinion. Such evidence is inadequate to discredit the applicants' assertion that existing routes and channels would not be disturbed under the plan as proposed. Without control of the Burlington the unified northern lines would appear to be still less objectionable in this respect. Reciprocal relations with connecting roads, the large proportion of traffic which is routed by the shippers, and our jurisdiction over the cancellation of joint rates, all act as protective forces. It would be understood by us and the public would have every right to expect that, so far as lies within the powers of the applicants, existing routes and channels of trade and commerce heretofore established among the lines of the proposed system and other carriers would be preserved and existing gateways for the interchange of traffic with other carriers would be maintained.

The protestants sought to show that the proposed rerouting of freight traffic, such as the diversion of Northern Pacific through trains between Sand Point and Casselton to the Great Northern's main line, would affect shippers adversely in the matter of diversion privileges. It was suggested that other features of the rerouting program would tend to benefit Seattle at the expense of Tacoma. In the light of all the circumstances described in the record we are unable to give much weight to these objections.

In approaching the subject of competition it may be desirable to consider, first, the extent to which the northern lines are not now in direct competitive contact. The evidence shows that of a total of 3,619 stations, 3,477, or 96.1 per cent, are situated on one or the other line, and are represented to be noncompetitive as regards the Great Northern and Northern Pacific. Only 50 competitive points are exclusively served by the two roads. It appears from compilations presented that the unification would reduce the number of stations which are served by two or more railroads from 457 to 407, the 50 stations so affected having a population of 92,254 (1920 census). Of 4,703,120 tons of grain originated on the northern lines in 1926, 4,281,852 tons originated at local noncompetitive points, and of 724,447 tons of livestock, 606,790 tons were of similar origin. In the States of Washington, Idaho, and Montana during 1926, 18,973,703 tons of freight originated and 16,803,951 tons terminated at the stations of these roads. The proportion of each amount which was subject to exclusive competition between the two was 0.5 per cent and 1.3 per cent. The relation between the number of stations exclusively and jointly served and the total number of stations on these lines in these States was 0.8 per cent. A computation based on four selected months in each of the years 1924, 1925, and 1926 showed that the proportion of originating and terminating carload traffic on which competition would be eliminated by unification was 2.3 per cent, of tons handled 1.8 per cent, and of freight revenue 2.7 per cent. It was testified that of the total freight traffic approximately three-fourths is local at one or both ends of the movement.

The applicants' evidence, containing these and other statements, indicating the small degree in which the northern lines are exclusively competitive is controverted in part by testimony introduced by the protestants upon the existence of "cross-country" competition. Particularly in the Western States it is claimed that through the use of motor vehicles farmers and other shippers located in certain areas between the two lines of railroad are enabled to use either, and are subject to solicitation from both. While the testimony shows that this condition undoubtedly exists in places, its importance with relation to the project as a whole does not appear to be great. We note that among the points at which rail competition would be removed by the unification are St. Cloud, Grand Forks, and Helena, Mont., all cities of over 12,000 population. The showing made by the applicants is nevertheless extremely significant in indicating the relatively small extent of exclusive competition between the northern lines when their total mileage is considered. Very large territories tributary to these lines are purely local in character; in regard to these, however, it may be observed that a local producing area located on one railroad may be competitive in distant consuming centers with a similar one upon another railroad. In this situation the carriers are spurred to activity in establishing and serving such areas, and compete with each other in a manner which is not suggested by the proportion of noncompetitive stations to total stations, and similar facts. It is conceivable that this kind of rivalry would diminish under unification, with a consequent tendency to impair service and to keep the level of rates high. But when, after unification of two such lines, there remain other systems traversing the same general region and reaching the same central markets, this undesirable contingency is less to be feared.

Passing to a consideration of the broader competitive field, it appears that the larger centers of population and industry in the Northwest are included in the 92 stations which are common to the Great

Northern and the Northern Pacific, and are also served by one or more lines not involved in the plan. It is here that the extremely keen competition between the Great Northern and the Northern Pacific, described by their officers and other witnesses, must chiefly obtain at the present time. It is here, also, that the applicants claim there will remain adequate competition from other lines after the proposed unification becomes effective. Despite the fact of record that each of the northern roads is the most active competitor of the other, a condition which will be totally removed by the unification, it is contended that the competition of the other systems in the territory will be effective to insure to the public the maintenance of high standards of service. In this connection reliance is placed by the applicants mainly upon the Milwaukee, the Union Pacific lines, and the Canadian systems, with their connecting subsidiary lines in the United States.

For the purpose of demonstrating the relative competitive strength of the major roads directly affected, the Milwaukee introduced a series of studies covering certain of the Northwestern States. The northern lines are shown as comprising approximately 36 per cent of the total miles of Class I railroads operated in Minnesota, 67 per cent of the total in North Dakota, 68 per cent in Montana, and 62 per cent in Washington. Considering these States as a single area, the northern lines operate approximately 55 per cent of the total rail mileage, the Milwaukee 17 per cent, the Union Pacific-North Western 9.6 per cent, the Minneapolis, St. Paul & Sault Ste. Marie Railway (Soo Line) 9.9 per cent, and other roads smaller amounts. In the matter of freight tonnage originated on the line of each road, the northern lines combined in 1926 handled 32.5 per cent of the total in Minnesota (27.3 per cent, excluding ore), 74.4 per cent in North Dakota, 71.6 per cent in Montana, and 70.8 per cent (excluding logs, poles, posts, etc.) in Washington. It is pertinent at this point to remark that, although the figures just quoted indicate predominance of the northern lines as to mileage and freight traffic in most of the States mentioned, the average amount of originated freight on the Milwaukee in the four States, excluding ore, logs, poles, etc., was 1,810 tons per mile of road operated, while that of the northern lines was 1,643. Thus, it would seem that in these States as a whole, excluding ore, the Milwaukee excelled the Great Northern and the Northern Pacific in the tonnage of freight originated, on a proportional mileage basis. Moreover, if the operations of the entire Milwaukee system be compared with those of the northern lines, it is found that the total operating revenues per mile of road on each system are substantially equal. This is also true of freight traffic density, expressed in net ton-miles per mile of road for the complete systems, although west of St. Paul and Sioux City, Iowa, the Milwaukee's traffic density was but 75 per cent of that of either of the northern lines.

The Milwaukee next undertook to show the large number of industries at principal points in Washington, Idaho, and Montana, which are served by the Great Northern and/or the Northern Pacific. It was testified that at these points the total number of industries is 1,770, and of these 1,403 will be served by the Great Northern Pacific, 475 by the Milwaukee, and 314 by other lines. Of 714 industries in Seattle, 536 are served exclusively by the northern lines, the Milwaukee exclusively reaching 39, and the Oregon-Washington Railroad & Navigation Co. (Union Pacific) 30. There are 86 which are now jointly served by all four roads. Referring to the 536 industries mentioned, it would be physically possible for the Milwaukee to reach about one-fourth of them by buying rights over "common-user" tracks or otherwise. But the traffic advantage of the northern lines in respect of their direct access to industries at the points shown is evident. Obviously, the unification would not lessen this advantage. The extent to which it may be offset by the Milwaukee's industrial development in its eastern terminals is not disclosed by the record, so that the comparative strength of the systems in their entireties can not be measured by the number of industries served. Even for the Western States, no information as to tonnage or revenue from such traffic is found in the record.

Another statement presented by the Milwaukee gave the number of carloads of freight passing through certain gateways in the far Northwest. According to this, the Great Northern moved through Troy, Mont., and the Northern Pacific moved through Paradise, Mont., a total of 251,367 cars in both directions during 1926. In the same year the Milwaukee handled 66,351 cars through Avery, Idaho, and the Oregon-Washington Railroad & Navigation Co. moved 113,927 cars through Huntington, Oreg. The amounts and proportions were practically the same in 1925 and 1924. Again, studies of competitive freight traffic originating and terminating at points served by both the Great Northern and Northern Pacific in the States of Washington, Idaho, and Montana indicated that about two-thirds of the traffic analyzed moved over the northern lines, with the Northern Pacific handling much more than any other single system. This proportion is not materially changed when traffic in exclusive competition between the northern lines is eliminated. Percentages were computed for the distribution of competitive traffic as among the Great Northern, Northern Pacific, and Milwaukee in one case, and as among the Great Northern, Northern Pacific, and Union Pacific in another case. On this basis, in the State of Washington the Milwaukee had 22.8 per cent, rather than 12.4 per cent as shown in the exhibit first referred to. Similarly, the Union Pacific lines had 32 per cent, rather than 19.46 per cent. These studies may be said to throw some light on the competitive situation in the States selected, but they are not comprehensive, for the reason that no account is taken, among other things, of territories where one of the northern lines competes with some carrier not involved in the plan; for example, the large portion of Montana in which the Northern Pacific and the Milwaukee are parallel and adjacent and the Great Northern is not present.

Opposition to the proposed unification because of its tendency to restrict competition was presented in the State of Washington principally by the department of public works and by the city of Tacoma. On the other hand, 22 smaller communities and several representatives of lumber, fruit, and other industries in the State signified their approval of it. As regards the industrial centers, it is pertinent to note their relative importance in furnishing traffic to the railroads. From the exhibits presented it appears that the total tonnage of all-rail freight originated in the State in 1926 was 22,914,857, or, excluding logs, posts, poles, etc., which are classed as local and short-haul traffic, 11,258,246 tons. The total tonnage of originated rail freight which was shown as competitive for the entire State at points served by both the Great Northern and the Northern Pacific was 2,067,543, and for the cities of Seattle, Tacoma, and Spokane, 960,528 tons. These figures serve to indicate in a general way that the competitive traffic from the industrial sections in question is not a large proportion of the whole traffic of the State, and in considering the effect of the proposed unification, the importance of the freight service outside the principal cities is not overlooked.

Representatives of the city of Tacoma urged that, in the event the applicants' proposal is found generally to be in the public interest, we impose a condition in our certificate or order requiring unified rail operation at docks and industries in that city and in other places where similar conditions may be shown to require it. This suggestion was concurred in by the port of Seattle, and indorsed by the Milwaukee's representatives. It was thought impracticable, and not in the interest of good railroading or good service, by the applicants' officers. Considerations of importance were advanced on both sides of such a proposal. In connection with our final consolidation plan, supra, we expressed the conviction that consolidations should be accompanied by the unification of terminals, which should be thrown open to all users on fair and equal terms. The applicants' plan has advanced far enough in the direction of consolidation to warrant the taking of steps for the ultimate unification of operation at terminals served by the northern lines so that "every industry on whatever rails located shall have access to all lines radiating from that terminal, and every line carrier reaching that terminal shall similarly have access to all terminal tracks within the terminal area." The applicants should place themselves on record as agreeing to enter into some form of fair and reasonable joint arrangement for unified terminal operation in their territory, and, giving careful consideration to the principle announced by us as referred to in the above quotation, should prepare a terminal program designed to carry out the most economical, efficient, and equitable plan that is possible.

In the State of Idaho the total traffic which is claimed as competitive in the exhibit previously described is but 97,272 tons. Of this the northern lines handled approximately 50 per cent, the Milwaukee 34 per cent, and the Spokane International 16 per cent. Only the extreme northern section of this State is traversed by the Great Northern and Northern Pacific. In that section the Milwaukee, the Oregon-Washington Railroad & Navigation Co., and the Spokane International also operate.

In Montana the total rail traffic originated in 1926 was 5,649,598 tons. Of this, the amount represented in the exhibit to be competitive at points served both by the Great Northern and Northern Pacific was 72,126 tons, of which over 94 per cent was handled by them. Aside from the grain interests, which oppose the unification, there seems to be considerable local sentiment in its favor.

The competitive situation in Oregon, North Dakota, South Dakota and Minnesota was not developed by the protestants to the same extent as in the three States just discussed. The northern lines reach Portland from Tacoma, and the Spokane, Portland & Seattle reaches it from Spokane. Competition at Portland is provided by the Oregon-Washington Railroad & Navigation Co. and the Southern Pacific system. The applicants have offered the Milwaukee access to the outer limit of Portland via the Spokane Co. on certain definite terms. No objections to the granting of the applications were presented by Oregon interests. In North Dakota, the northern lines predominate in mileage and tonnage originated. Here the unification was favored by many of the smaller towns, but was opposed by the cities of Fargo and Grand Forks, and by the Farmers Grain Dealers' Association. All expressed apprehension as to the alleged removal of competition by the unification. Objection was raised to the proposed abandonment at Fargo of a spur track to the Armour plant, the Northern Pacific passenger station, and the Great Northern freight station. Local changes in facilities, if resulting in congestion or inconvenience, would be open to complaint, and the carrier would be required to provide adequate and proper facilities in such cases. The Farmers Grain Dealers' Association, and the North

Dakota Terminal Exchange at Grand Forks, are large organizations which maintain many elevators for the handling of wheat. While we have given careful consideration to the testimony for these concerns, we are not persuaded that they will be injured in service or in rates by the unification proposed. In Minnesota the originated rail tonnage appears to be extensively distributed among a large number of carriers.

It is to be noted that in the territory west of the Dakotas the Great Northern Pacific would encounter as its principal rail competitors the weakest parts of the Union Pacific and Milwaukee systems, both built into this region many years after the northern lines. In the case of the Milwaukee, less than 19 per cent of its total gross revenues were on lines west of Mobridge, S. Dak., during the years 1923, 1924, and 1925. The proportion of competitive traffic which is handled by the Spokane International Railway, a subsidiary of the Canadian Pacific, is small, and the amount of competitive traffic carried by the steamship lines of the Canadian systems to and from ports in the State of Washington is not of record. In this territory as a whole a single system embracing the Great Northern and Northern Pacific would manifestly have far more mileage and handle much more traffic than any other one system based on present conditions. The bearing of this fact on the question under consideration has been emphasized unduly by the protestants. The evidence for the applicants tends to strengthen our conclusions as to the grouping of the northern lines established in the consolidation plan. The primary consideration in this proposal is whether, after the unification becomes operative, there will remain effective and adequate rail competition in the territory under discussion. In discussing the issue of competition the protestants have stressed the situation at many of the principal points in Washington, Idaho, and Montana. However the traffic may have been distributed up to this time among the several railroads, it appears that the principal points named in the exhibits will be served by more than one system after the northern lines are unified. Seattle will have the Union Pacific, Milwaukee, and the steamship service of the Canadian Pacific; Tacoma will have the Union Pacific and the Milwaukee; Spokane will have the Union Pacific, Milwaukee, and Spokane International; Everett and Bellingham, Wash., and Missoula, Great Falls, Lewistown, and Miles City, Mont., will have the Milwaukee; and Butte, Mont., will have the Union Pacific and the Milwaukee. We can conceive of no eventuality in which the competition of these systems would become ineffective at these points, and the purpose of the act thereby frustrated with respect to the intent of its provision for the preservation of competition. Obviously, at points or in territories where none of them operate there can be no change in present conditions, except in such districts as are served both by the Great Northern and Northern Pacific and no other line. We have already commented on the evidence concerning the latter conditions.

When considering the preservation of rail competition in the eastern part of the territory served by the northern lines, cognizance should be taken of the preponderance of eastbound freight on the northern systems. From the study of competitive traffic already mentioned it is seen that, so far as this portion of the total traffic is concerned, the Great Northern moved one and eight-tenths times as much tonnage eastward as it did westward, and on the Northern Pacific the relation was one and five-tenths. Through the north Pacific coast gateways in 1926 the two roads handled 180,349 carload shipments eastbound and 71,018 westbound, or over two and five-tenths times as much eastbound. Although it was suggested that the routing eastbound is somewhat controlled from eastern points, there is clearly a more localized form of competition in the western terminals, from which the bulk of originated competitive traffic moves, than at the eastern terminals. Significant, also, is the testimony of the Great Northern's director of traffic to the effect that transcontinental shipments from Wisconsin, Chicago, and the East exceed those from the twin cities of St. Paul and Minneapolis and from the head of the Lakes district. The protestants are not greatly concerned with the effect of the unification at these eastern terminals. At the Twin Cities the proposed system would meet the competition of the Soo Line, a subsidiary of the Canadian Pacific, the Chicago, St. Paul, Minneapolis & Omaha Railway, a part of the Chicago & North Western system known as the Omaha, and the Milwaukee. The Omaha and the Union Pacific form a through route to the Pacific coast which is somewhat longer from this territory than the route of either northern line. On the other hand, the Soo in recent years has built important extensions in Minnesota, Montana, and the Dakotas. At Superior the proposed system will encounter the same lines and, in addition, the Duluth, Winnipeg & Pacific Railway, a subsidiary of the Canadian National. At Duluth there will be the Milwaukee, the Soo, and the Duluth, Winnipeg & Pacific.

The breadth of field in the East from which traffic may flow to the northern lines is such that many transcontinental systems are of necessity in competition for the long haul. The transportation situation in the Northwest has undergone an important change since the time when former mergers of the northern lines were undertaken. This has been caused by the extension of the Milwaukee to the coast, the building of new lines in Washington by the Union Pacific's subsidiary companies, and the access to Tacoma and Seattle acquired by them through trackage agreements, the new construction of the Spokane International and the Soo Line, and the building of the Panama Canal. An extremely competitive situation has been developed. We are persuaded that the unification of the Great Northern and Northern Pacific will not so affect this situation as to impair railroad service or generally to operate against the public interest, in so far as rail competition is concerned. This conclusion is predicated upon the continued ability of the other carriers to function effectively on all their lines in competitive territory. It is desirable to consider this question in the light of contentions made by the Milwaukee road, but by no other major carrier. Doubtless the Milwaukee's recent financial experience would cause the managers of that property to be especially apprehensive of any act of its competitors which might strengthen them.

The position of the Milwaukee in this matter is substantially set forth in the claim that the size and resources of the Great Northern Pacific, its banking influence, purchasing power, and superior distributive territory, would cause its competitive strength to grow increasingly great and that of the Milwaukee to become less and less. Fear is entertained that the present competitive efforts of the Great Northern and Northern Pacific would be concentrated against the Milwaukee, and the competition which the latter could furnish after the unification takes place would be ineffective. It is insisted that the unbalanced condition in the transportation field of the Northwest would become intensified as time goes on, tending, among other things, to nullify the purpose of the act with respect to the equalization of rates. In seeking to meet these contentions, the applicants claim that the geographical location of the Milwaukee system, its access to important terminals and producing territories, its large mileage in Wisconsin, its favorable grades and distances, the extensive electrification carried out, and other circumstances, make it the most complete and self-contained system in the West, north of the Atchison, Topeka & Santa Fe. Taking advantage of the fact that the revenues of the Milwaukee system as a whole, when compared with its mileage or its estimated valuation, were respectively the same as, or greater than, those of the northern lines in 1926, the applicants hold the opinion that the Milwaukee's competitive opportunity and command of traffic are equal to theirs. Attention is called to the estimates of the road's future earnings and the indications of the inherent strength of the system shown by the evidence in the Milwaukee reorganization case (131 I. C. C. 673). It is suggested that the tendency of shippers to distribute their business equally among competitive carriers might work to the Milwaukee's advantage in connection with the unification, inasmuch as the number of available railroads would be reduced.

While the testimony which we have outlined in the preceding paragraph, and other evidence of the same nature, is forceful on either side of the controversy, we are not convinced that a closer union of the northern lines presages injury to the Milwaukee system. The record fails to show that the friendly relations between the northern lines in the past has injured the Milwaukee in obtaining through traffic. The effect of this closer union, if it affects other carriers at all, will probably be lost in the general growth and development of the Northwest. The experience of the Milwaukee prior to receivership is assuredly no criterion in forecasting the future of that property. In authorizing the reorganization we had faith in the road's prospects. It is impossible to accept the grounds of the protestant's contentions and to find that the competitive activities of the Great Northern, Northern Pacific, and the Spokane Cos. as a single system would, in practice, prove more pronounced or more difficult to contend with than those of the constituent roads in the aggregate. It is, therefore, our view that the ability of the Milwaukee to provide effective competition would not be materially impaired as a result of the proposed unification. A similar view is held with regard to the other systems competing with the northern lines.

Vigorous opposition to the applicants' proposal was offered by the protestants, particularly by the Milwaukee interests, on the theory that the grouping of strong roads contemplated would create a system that would dominate the Northwest and would effectually prevent any subsequent grouping of comparable size and strength. The protestants sought to have us consider the Burlington as an integral part of the proposed system, which would then have nearly 27,000 miles of operated road, and to confine our comparisons to the northwestern region. It appears that the Spokane, northern lines, and the Burlington would comprise over 20 per cent of the total Class I railway mileage in the western district and approximately the same proportion of investment, revenues, and income. Together they would exceed the combined Southern Pacific and Atchison, Topeka & Santa Fe systems in mileage operated and have nearly 80 per cent of the combined net railway operating revenues of those roads. The Great Northern Pacific-Burlington would have a mileage of 26,711 miles, operating revenues of $416,582,573, net railway operating income of $94,115,028, and a rate of return of about 5.15 per cent, without allowing for the estimated economies. The evidence introduced in connection with the size and strength of the proposed Great Northern Pacific, with and without the Burlington, as compared with other systems and with the western district as a whole, was very comprehensive. In view of the consolidation plan which has now been promulgated, this evidence need not be further discussed.

With reference to the considerations, terms, and conditions of the proposal, numerous objections were presented by the interveners, Clara Hill Lindley and Erasmus C. Lindley. In the early part of this report we discussed the questions raised by these interveners as to our jurisdiction in granting the applications under the provisions of the act and as to the status of the deposit agreement. Other grounds of opposition to the terms and conditions were the use of a Delaware corporation to accomplish the unification rather than the use of the Great Northern, chartered under the laws of Minnesota, as a base; the loss of inheritance taxes to that State and the potential power of the State of Delaware to levy taxes on the railway properties of the new company in the Northwestern States; the authority given to the new company to engage in activities of many kinds besides railroad operation; the lack of a fixed rental under the proposed leases; the restriction of the minority stockholders' power; and the complications which would be encountered in financing, where issues of securities by the constituent companies are involved. These interveners are financially interested in many of the railroads, industries, and lands of the Northwest, and own a large amount of State, city, and county bonds. Their holdings of Great Northern and Northern Pacific stocks, however, represent but a fraction of 1 per cent of the minority interest, which, according to the testimony, comprises approximately 1,491,000 shares of stock not deposited with the committee. No objections to the plan have been presented to us by other minority stockholders. The minority as a whole has been silent in these proceedings. This must be regarded as a very important circumstance.

We have carefully examined the considerations advanced by the Lindleys, omitting only the alternate plan favored by them, which is not within the purview of the applications before us. Although the situs of the new company will be in the State of Delaware, it does not appear from the record that any additional burden of inheritance taxes will be imposed upon the stockholders generally. The powers of the new company, the terms of the proposed leases, and the financial structure of the new system, when examined in detail, possess no features which may fairly be deemed detrimental to the public interest. Our jurisdiction over the issuance of securities by the northern companies would be in no way restricted by their status as lessors under the leases. In respect of the northern companies and the new company, the power granted to us by section 20a of the act places within our control substantially all future issues by these companies.

As might be expected in a unification of this magnitude, many of the lesser lines of railroad are affected, and a considerable number of them intervened in the proceedings. Of chief importance, by reason of its mileage, is the Minneapolis & St. Louis Railroad, which, for convenience, has been referred to in this report as the M. & St. L. This line, operating 1,628 miles of road, connects with the Great Northern at the Twin Cities and Hanley Falls, Minn., and at Watertown and Aberdeen, S. Dak., with the Northern Pacific at the Twin Cities, and with the Burlington at Albia, Des Moines, and Oskaloosa, Iowa, as well as at several points in Illinois. Interchange with the northern lines during 1926 at Minnesota Transfer and Minneapolis consisted of 33,782 cars, all of which had a line haul on the M. & St. L. The position of the receiver in opposing the proposed unification was that such unification would be inimical to the public interest and would result in financial injury to the M. & St. L. The latter consideration is based on the view that the M. & St. L. is a competitor of the Burlington for business between the Twin Cities and the East; that should control of the Burlington be centralized in the new company the routing of traffic through Billings would be greatly increased, and the interchange between the northern lines and the M. & St. L. greatly diminished. Such an eventuality is disclaimed by the applicants who suggest that the reciprocal traffic relations existing between the northern lines and the M. & St. L. are not likely to be disturbed. It was testified that the greater part of the traffic is routed by the shippers.

The receiver of the M. & St. L. did not ask that the road be taken into the proposed system. The applicants, however, representing that unless the road be absorbed by some large system portions of it may be abandoned, and with some expectation of operating it advantageously as a part of their system, offered to acquire the property. This offer was contingent upon the consummation of the general plan, and contemplated a payment representing an annual interest return of $600,000 for the physical property and assets of the M. & St. L., free of all liens and encumbrances. The offer was categorically rejected by the receiver and by the committee of the bondholders, who apparently preferred a reorganization of the company. Our consolidation plan provides for the inclusion of the M. & St. L. in system No. 10—Illinois Central.

Evidence was introduced concerning 19 railroads which may be classed as short lines. Of these, 11 intervened in the proceedings and 9 which intervened expressed a desire to be taken into the proposed system. The applicants have offered to assume provisionally the operation of five short lines, turning over to the owners any net railway operating income earned, or making up any deficit incurred. Such operation would continue until we found it to be no longer justified by the requirements of public convenience and necessity. In the case of another short line the applicants propose to take over certain portions at their reproduction value. All these offers were refused.

The intervening short-line companies are: Minneapolis, Northfield & Southern Railway Co.; Minnesota Western Railroad Co. (controlled by the M., N. & S. Ry Co.); Electric Short Line Terminal Co. (controlled by the M., N. & S. Ry. Co.); Minneapolis, Anoka & Cuyuna Range Railway Co.; Waterville Railway Co.; Minneapolis & Rainy River Railway Co.; Minneapolis, Red Lake & Manitoba Railway Co.; Wisconsin & Michigan Railroad Co.; La Crosse & Southeastern Railway Co.; Wyoming Railway Co.; Leavenworth & Topeka Railroad Co.

The Minneapolis, Northfield & Southern and the Minnesota Western are steam railroads operating a total of 254 miles of line in the State of Minnesota, including new construction. They enter Minneapolis by means of trackage rights over the Electric Short Line Terminal, a line about 3 miles in length, which owns considerable property in that city. The aggregate investment of these three carriers was reported to be approximately $5,500,000 as of December 31, 1926. Considered as a unified group, the three roads perform an important transportation service in a populous district. They have facilities for connection with numerous large roads beside the northern lines, and a considerable business is interchanged between the Minneapolis, Northfield & Southern and the Chicago Great Western. These lines have been allocated to system No. 17—Santa Fe.

The Minneapolis, Anoka & Cuyuna Range Railway, an intervener through its receiver, is an electric road operating 18.7 miles of line, of which 14.5 miles are owned in the State of Minnesota. At Minneapolis it connects with the Minneapolis Street Railway and the Soo Line, at Fridley, Minn., with the Great Northern, and at Anoka, Minn., its northern terminus, with the Great Northern and the Northern Pacific. Among the industries served at the last-named point is the Pillsbury Flour mill. About 50 per cent of all traffic handled is wheat and wheat products. The line parallels the Northern Pacific and Great Northern, which here operate together as a double-track railroad, and also runs close to a highway over which busses of the Northland Transportation Co. (a Great Northern subsidiary) operate. With the exception of a power plant at Coon Rapids, for which a spur track would be required, the Great Northern could reach all industries by its own or the intervener's tracks. The population served is about 4,800, including 4,300 inhabitants of Anoka. The road's business is mostly freight, but interurban electric service is also provided. The company's investment in road and equipment, as of December 31, 1926, was $518,256; its total capitalization $680,000. The average annual net railway operating income during the years 1921–1926 was $21,458, but in 1926 a deficit of $492 occurred. Receivership began on July 9, 1926. An application is before us for authority to reorganize this carrier through the creation of a new company. Our consolidation plan does not include this property, and its final disposition may be deferred.

The Waterville Railway, an intervener, is a Class III steam railroad operating 5.1 miles of line in the State of Washington. It extends from a connection with the Great Northern's Mansfield branch at Douglas, Wash., to Waterville, Wash. The population of Waterville is approximately 1,200 and that of the whole tributary territory is probably in excess of 6,000. The traffic consists of incoming supplies for the industries and inhabitants of Waterville and outgoing agricultural products. The company's investment in road and equipment, as of December 31, 1926, was $75,526 and its total capitalization was $78,388 par value of stock. Net railway operating income for the years 1921–1926 corresponds to an average annual deficit of $2,331, with an average operating ratio of 113.28 per cent. The Great Northern furnished the track material used in constructing the line and still owns it. The Waterville Railway Co. does not desire to be taken into the proposed system, but wishes to be assured of the continued use of the track material and to operate independently, as at present. The applicants offered to take over the operation of this property. The line has been allocated for consolidation in system No. 12—Great Northern-Northern Pacific.

The Minneapolis & Rainy River Railway, an intervener, is a Class II steam railroad operating 62.7 miles of line in the State of Minnesota. It connects with the Great Northern at Deer River, Minn., and serves a total population of approximately 4,000. Originally built to transport lumber, in which the traffic has greatly decreased, it must now rely for income upon agricultural development of the territory. Investment in road and equipment, as of December 31, 1926, was $1,281,866; total capitalization was $1,700,000 par value of stock. Net railway operating income has shown a downward trend since 1924, and was $12,576 in 1926. The maintenance of the property has been poor. The applicants proposed to operate this road in the manner hereinbefore mentioned. The line has been allocated to system No. 12.

The Minneapolis, Red Lake & Manitoba Railway, an intervener, is a Class II steam railroad operating 33.9 miles of line in the State of Minnesota. It connects with the Great Northern at Bemidji, Minn., and by the tracks of that carrier with the Minnesota & International Railway and the Soo Line. The population served is small. In the past the road has depended largely on traffic in timber, but its present service is principally for the benefit of a few local mills, a fish

hatchery, and an Indian reservation. The company's investment in road and equipment, as of December 31, 1926, was $624,653, its total capitalization was $100,000 of stock and $700,000 of bonds, and interest matured unpaid was $122,500. Net railway operating income in 1926 was $25,110, but was estimated at not over $5,000 annually for succeeding years. The applicants included this road in their proposal to direct the operation of certain short lines. The line has been allocated to system No. 12.

The Wisconsin & Michigan operates 76 miles of line in the States of Michigan and Wisconsin and is remote from the applicants' system. Its intervention is based on the apprehension that the proposed unification would disturb the flow of such through traffic as originates on the northern lines and is routed over its rails. The line has not yet been assigned to any system for consolidation. The La Crosse & Southeastern Wyoming Railway, and Leavenworth & Topeka do not connect with the northern lines but with the Burlington. They intervened for the purpose of showing that because of economies which could be effected in operation, or for other reasons, these roads should be acquired by the Burlington. In our consolidation plan the Leavenworth & Topeka is placed in system No. 15—Union Pacific; the other two lines in system No. 14—Burlington.

The applicants also included in their proposal an offer to operate the Montana Western Railway, a 20-mile line connecting with the Great Northern at Conrad, Mont., and the Nez Perce & Idaho Railroad, a line about 14 miles in length which makes connection with the Camas Prairie Railroad at Craigmont, Idaho. Both lines are, under the consolidation plan, included in system No. 12.

The applicants' proposal has, in our opinion, important advantages. The economies in operation from it are well assured and are large in aggregate amount. Such means of lowering the cost of rail transportation and of ultimately reducing rates should be adopted wherever possible. By the use of shorter routes, 1-system movements, common terminals, and car supply, the public may confidently look for substantial benefits from this unification, notable among which are savings in time due to rerouting, elimination of interchange, and increased access to markets. Efficient operation and management of the unified property is indicated by the evidence. A material loss of competition has not been shown. The plan is free from adverse criticism on the score of stock manipulation and financial complications. Such objections as have been presented to the consideration, terms, and conditions involved can not, in our opinion, be deemed serious. The issues which were raised in the transportation features of the plan have been substantially met by the applicants, and the objections based on the inclusion of the Burlington in the proposed system have been disposed of by our recent action in the plan for railroad consolidation.

The record will be held open for the submission to us by the applicants, for our consideration and approval, of a supplemental plan or proposal which, while not altering the recorded applications in other respects, shall give acceptable assurance and provide that:

(1) The Burlington shall be divorced from control by the northern companies within a reasonable period of time, such period to be stated as nearly as may be practicable.

(2) A bona fide and feasible plan for the acquisition and operation of all the so-called short lines of railroad named in system No. 12 of the consolidation plan, except such thereof as may be found by us, upon this record or from a subsequent showing, not to be required by the present or future public convenience and necessity.

(3) A comprehensive program and statement of proposed policy in the matter of the unified operation of terminals, or its equivalent, as hereinbefore explained.

(4) Suitable assurance that the Chicago, Milwaukee, St. Paul & Pacific Railroad Co., upon fair terms, may have access from Spokane to Portland and intervening points, over the lines of the Spokane, Portland & Seattle Railway Co., as provided in the said plan of consolidation.

Upon the facts presented, and subject to the fulfillment of the foregoing conditions, as conditions precedent, we find that the present and future public convenience and necessity require the operation and acquisition by lease of the lines of the Spokane, Portland & Seattle Railway Co. by the Great Northern Pacific Railway Co. in the manner described in the application filed in Finance Docket No. 6409, and that the considerations, terms, and conditions involved in such acquisition and operation are just and reasonable. We further find that the issue of 10 shares of capital stock, without nominal or par value, by the new company for the purposes and considerations set forth in said application is (a) for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purposes; and that the assumption of liability by the new company in respect of securities to the extent that any assumption of such liability within the meaning of section 20a of the interstate commerce act is involved, in the terms of the lease indenture, is for lawful objects, and reasonably necessary and appropriate for such purposes.

We further find that the acquisition of control by the new company, by lease and stock ownership, of the Great Northern Railroad Co. and the Northern Pacific Railway Co. and its operation of their properties as described in the application filed in Finance Docket No. 6410, will be in the public interest, and that the considerations, terms, and conditions involved in effecting such control and operation are just and reasonable. We further find that the issue of not exceeding 4,970,976 shares of common capital stock, without nominal or par value, by the new company in exchange for the capital stock of the northern lines at the rate of one share issued for each share of these stocks transferred and delivered to it, is (a) for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purposes; and that the assumption of liability by the new company in respect of securities to the extent that any assumption of liability within the meaning of section 20a of the interstate commerce act is involved in the terms of the proposed indentures of lease, is for lawful objects and reasonably necessary and appropriate.

No order will be entered, and no certificate will be issued at the present time upon these findings. The record will be held open for a reasonable time, subject to the entry of such order as may be found appropriate.

Lewis, commissioner, concurring:

I neither favored the unification here proposed nor that part of the consolidation plan which would combine the Northern Pacific and the Great Northern lines as the trunk of System No. 12. It is my conviction that public interest would best be served by maintaining the status quo and close community of interest of the Northern Pacific, Great Northern, and Burlington. So long as the two northern lines remain competitors, the Burlington, whose stock and control are divided between them, is, to all practical purposes, an independent carrier. Unconditional approval of this application would mean unification of control of the Burlington or the creation of a system of some twenty-six or twenty-seven thousand miles—in mileage, at least, the greatest railway system in America. The Milwaukee, the paralleling competitor across the Northwestern States, has appeared to me to be too weak to afford that competition contemplated by the consolidation policy of Congress.

The majority requires, as a condition precedent to authorization to unify, that the Burlington be divorced. The majority, following our declaration in No. 12964, Consolidation of the Railway Properties of the United States, further requires, as a condition precedent, a plan for unified operation of terminals. It also proposes to open the way for the Milwaukee to Portland by another condition precedent. These conditions, if carried into effect, would afford the Milwaukee, which under the consolidation plan is to be further strengthened, opportunity to establish effective competition. This, with the competition of other systems as analyzed in the report, would seem to meet the demands of the policy declared by Congress to apply in consolidation of railroads, which this clearly approaches. If there is exception, it lies in sections of North Dakota and Montana, which, however, will have competition equal to that afforded other considerable areas in Western States. While such a unification is not free from objections, it nevertheless should strengthen the two northern roads and bring into a large system a number of weak and short lines whose future and service are uncertain. It will undoubtedly result in some large economies that will make just that much more possible a readjustment of rates that is needed in this territory; it will bestow the beneficial effects of one-line rates, shorter routes, 1-system movements, common terminals, better car supply, and elimination of time-consuming rerouting and interchange. For these reasons, plus the fact that it is in harmony with our plan for consolidation of other carriers in the western district, I concur in the decision of the majority.

Brainerd, commissioner, concurring in part:

The transportation act was intended to encourage the unification of the railway lines of the country. The ultimate goal has been said to be "the establishment of a limited number of systems which will be able to render, and continue to render to the public, service demanded, at rates which are reasonable to the public and which will yield to the carriers a fair return upon the value of their railway properties." (Interstate Commerce Committee report to the Senate No. 1884, February 22, 1929.)

The standard laid down by Congress to guide the commission in deciding whether to approve the unification is that of conformity to "the public interest." The evidence offered in support of the instant applications shows that under unification these properties are capable of being operated in a manner to promote their highest efficiency, to render to the shipper and the public the most dependable service, and of protecting the public that has invested in their securities. The unification of these properties, as pointed out in the majority report, will result in an aggregate saving through economies of $10,000,000 a year, and while the distribution of this amount among all the shippers in the

vast territory served may of itself not appreciably be felt in rate reductions, the saving of this amount and the improvement of the service resulting therefrom is very substantial and worth while. The economies effected will permit needed additions and betterments, better equipment, and improved roadbeds, and will result in a strengthening of railroad credit.

The majority have found the granting of these applications to be in the public interest. With this conclusion I am in accord. But while I concur in this finding, I am obliged to dissent from the requirement of the majority that the control of the Burlington be divorced from the two northern lines as a condition precedent to their unification.

For more than 28 years the northern lines have had a community of interest through the ownership in equal amounts of a large part, now over 97 per cent, of the total capital stock of the Burlington, and for more than 22 years a community of interest through the ownership in equal amounts of all the capital stock and bonds of the Spokane Co. For many years the northern lines have treated the Burlington as a preferred connection, especially to Chicago, and in doing so have established through routes and channels of trade and commerce of great importance to the public. The majority, nevertheless, requires the northern lines to dispose of their control of the Burlington, which line affords this important connection and over which line for many years through trains from Chicago to the north Pacific coast have operated via both the Great Northern and the Northern Pacific. There appears to be no substantial competition between the Burlington and either of the northern lines. The roads are complementary and interdependent rather than competitive.

It is clear that any disassociation of the Burlington from the northern companies is likely to be accompanied by a serious impairment of earning capacity on the part of the Burlington Co. built up through years of effort and planning in the expectation of the continuance of the relationship between the three companies. In addition, connecting lines built for interchange purposes are likely to dry up, and other extensive improvements made by the Burlington in the development of its business with the northern companies from whom it would be disassociated may become nonproductive. Such disassociation would for the same reasons involve an impairment of the earning capacity of the northern lines.

The separation of the control of the Burlington from the northern lines will deprive the shippers in the Northwest, in Idaho, and in Montana of a unified one-system line from their territory via the Billings gateway to the important established markets at Omaha, Kansas City, St. Louis, Denver, Fort Worth, Dallas, and the Gulf ports; it will disturb commercial relations of long standing, impair railroad strength, and to this extent the public will not get the full benefit which was inherent in the original applications.

Retention of control by the northern lines of the Burlington would not be in harmony with the plan of consolidation adopted December 9, 1929 (159 I. C. C. 522). Obviously not. But it should be remembered that the record in that case was closed February 9, 1924, six years ago and more than three years prior to the date upon which these applications were filed. Our decision in plan of consolidation, supra, was not intended to foreclose consideration upon the merits of pending unification proceedings, and this is especially true where such applications were heard and argued before us prior to the date of the adoption of said plan. The right to "reopen the matter for such changes as, in our judgment, will promote the public interest" was expressly reserved; moreover, it is fully accorded by the provisions of the act. The fact that retention of control by the northern lines of the Burlington would not be in harmony with the plan is, under these circumstances, not determinative of the matter.

I am authorized to state that Commissioner Woodlock concurs in this opinion.

McManamy, chairman, dissenting:

In my concurring expression in docket No. 12964, Consolidation of Railroads (159 I. C. C.), at page 568, I said:

"But we should not, in order to open the door to lawful consolidations, propose consolidations which are themselves unlawful, and that I think we have done."

One of the unlawful consolidations which I there had in mind will be effectuated by the action of the majority in this proceeding.

The majority finds that present and future public convenience and necessity require the Great Northern Pacific Railroad Co. to acquire by stock ownership, and by lease for a period of 99 years, and to operate the properties of the Great Northern, the Northern Pacific, and the Spokane, Portland & Seattle Railroads, and that such acquisition and operation will be in the public interest. What is here outlined is therefore, for all practical purposes, a complete consolidation of these properties into one corporation for ownership, management, and operation. To my mind, the facts shown in the report upon which the action here taken is based falls far short of justifying the conclusion reached and the action taken, and fails in the following important particulars to meet the requirements of the act:

(1) It is not responsive to any proceeding before us.

It is true that an application by the same parties was filed on July 8, 1927, and was heard by us about one and one-half years ago. The hearing in that case, however, was completed about a year and four months before our plan for the consolidation of railroads was promulgated. The Great Northern and the Northern Pacific own practically the entire capital stock of the Burlington Railroad, and no suggestion was made upon that record that the Burlington should be disassociated from the northern lines. The proposition to divorce the Burlington from the northern lines, which was for the first time announced in our consolidation plan, in my opinion made such a change in the conditions surrounding these properties that the record can not be said to clearly reflect the attitude of the public toward this consolidation, and the evidence can not be held to show that under the changed circumstances it will be in the public interest. In fact, there is no evidence which shows that under the changed conditions the applicants themselves desire this consolidation; and if such a desire has been indicated, it has not been in a public hearing, such as is clearly required by paragraph (6) of section 5 of the act before a consolidation may be approved or authorized.

(2) The consolidation here authorized goes far beyond any power that is given us by paragraph (2) of section 5, under which the application was filed.

Consolidations for ownership and operation are clearly not authorized under paragraph (2) of section 5. That section authorizes the "acquisition * * * not involving the consolidation of such carriers into a single system for ownership and operation."

As a matter of fact, the word "consolidation" appears in this paragraph only for the purpose of specifically forbidding it. Consolidations such as this may be made only under paragraph (6) of section 5 after the commission has complied with the provisions of paragraphs (4) and (5). We are required by the act to agree upon and publish a tentative plan for the consolidation of railroads, after which a public hearing, including notice to the governor of each State, must be had. Following such hearing we may proceed to adopt a plan for consolidation, later termed a complete plan, and publish the same. Clearly it is not contemplated that the plan adopted as a result of the public hearings must correspond in all respects with the tentative plan which forms the basis of such hearings. It is obvious that we may, and if necessary should, depart from the tentative plan; therefore, after the adoption of the complete plan, when an application for consolidation is presented to us, paragraph (6) requires us to again set the application down for public hearing and give notice to the governor of each State in which any part of the properties sought to be consolidated is situated of the time and place for public hearing. Under the procedure here approved by the majority consolidations may be brought about without the required notice to the governor of each State and without an opportunity for the people to show whether or not such proposal is in the public interest. Certainly such procedure is not sanctioned or contemplated by any of the provisions of the act.

(3) The consolidation of these two lines is in complete disregard of the specific mandate of Congress that "competition shall be preserved as fully as possible."

This is the third attempt that has been made to consolidate the Great Northern and the Northern Pacific railroads. The first plan by which the Great Northern attempted to obtain control of the Northern Pacific was found to be in violation of the Minnesota statute prohibiting the consolidation of parallel and competing lines. Pearsall *v.* Great Northern Railway (161 U. S. 646). The court there said:

"As the Northern Pacific road also controls, by its own construction and by purchase of stock, other roads extending from the Mississippi River to the Pacific Ocean, and operates as a single system an aggregate mileage of 4,500 miles, most of which is parallel to the Great Northern system, the effect of this arrangement would be to practically consolidate the two systems, to operate 9,000 miles of railway under a single management, and to destroy any possible advantages the public might have through a competition between the two lines."

The second plan under which control of both companies would have been vested in a holding company was found to be a combination to restrain competition in violation of the Sherman law. Northern Securities Co. *v.* United States (193 U. S. 197). In that case the court said:

"* * * Let us see what are the facts disclosed by the record.

"The Great Northern Railway Co. and the Northern Pacific Railway Co. owned, controlled, and operated separate lines of railway—the former road extending from Superior, and from Duluth and St. Paul, to Everett, Seattle, and Portland, with a branch line to Helena; the latter, extending from Ashland, and from Duluth and St. Paul, to Helena, Spokane, Seattle, Tacoma, and Portland. The two lines, main and branches, about 9,000 miles in length, were and are parallel and competing lines across the continent through the northern tier of States between the Great Lakes and the Pacific, and the two companies were engaged in active competition for freight and passenger traffic, each road connecting at its respective terminals with lines of railway, or with lake and river steamers, or with seagoing vessels. * * *."

These statements by the United States Supreme Court are just as applicable to these two lines to-day as they were when written. It is clearly shown that these two railroads serve the same Pacific ports and the same lake ports and other eastern terminals and together serve all of the intervening territory. If active and substantial competition

does not exist between these two lines, nowhere in the country can such competition be found. Officials of these two lines testified that not only are they in active and vigorous competition with each other but that each is the most aggressive and important competitor of the other. This fact alone renders the proposed consolidation inconsistent with the purpose of the act. The fact that a substantial part of the traffic of each line is noncompetitive is immaterial. It is not with such traffic that the provisions of the statute deal. Nor may we limit our consideration of the traffic to that which in the language of the majority is "exclusively competitive." No such limitation is contained in the law. We must consider all traffic for which these lines compete and as to which their competition will be eliminated. The record shows that the northern lines serve 75 per cent of the industries in Seattle and handle approximately 70 per cent of the competitive traffic to and from that point, and similar conditions exist at other Puget Sound points. At Duluth it was testified that all effective competition would be removed and the facilities of other lines serving that point and the length of haul to other competitive points supports that conclusion. Similar conditions exist at other competitive points and in addition there is important cross-country competition at many points along the lines. Certainly in the light of two decisions of the United States Supreme Court holding that these lines are parallel and competitive, consolidating them, which is what we are here doing, violates the act under which the consolidation is proposed.

(4) In my opinion the majority has erred in the weight given to the evidence upon which the finding of public interest is based.

The law provides that notice respecting either the tentative plan or the complete plan must be served on the governor of each State advising of the time and place for public hearing. This notice is clearly for the purpose of permitting the governor of each State, or such State officials as he may designate, to appear and represent the people of the State in the matter of public interest. It further provides that all persons who may file or present objections thereto shall be heard. Certainly it contemplated that appropriate weight should be given to the views of the governors or other public officials. The report states:

"Of the 11 State bodies which intervened only 1 clearly favored the proposal."

Other interveners in opposition include such important organizations as Farmers Grain Dealers' Associations of North Dakota and Montana, representing 35,000 farmers and operating 203 elevators on the Great Northern and 114 elevators on the Northern Pacific; the chambers of commerce or other commercial bodies of Duluth, Minn., Fargo and Grand Forks, N. Dak., Omaha, Nebr., and Tacoma, Wash.; the Southern Minnesota Mills, which the record shows grinds one-third of all the spring wheat grown in the Northern States; the receiver of the Minneapolis & St. Louis Railroad Co.; and the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. It is true that many organizations and individuals appeared in support of the applications, but such support came principally from small communities local to one or the other of the northern lines. Of course, they would not be affected by the elimination of competition as would the larger cities served by both lines. In my opinion, given proper consideration, the weight of evidence introduced by representatives of the States, organizations of producers, large shippers, and other interests is overwhelmingly against the consolidation.

The majority states:

"Foremost among the considerations in favor of the proposed unification is the feasibility of making large operating economies."

The total saving said to be brought about by these consolidations amounts to $10,142,811. Analysis of the savings claimed indicates that the total will be far less than the amount claimed and in any event it is testified that none of this saving is to go to the public in the way of decreased rates, and there is no convincing showing that improved service will result. Many of the items are so unimportant that they need not be mentioned and others admittedly can be brought about without the consolidation. The biggest item of saving is the use of Rosebud coal on Great Northern locomotives. It is contended that this will result in a saving of $2,282,157. Yet it is admitted that much, if not all, of this saving could be brought about without consolidation.

Rerouting of traffic by shorter lines is said to produce a saving of $1,536,328. This claim will not stand careful analysis. The following illustration is fairly typical: A saving of $70,738 per annum is claimed from diverting traffic from the Great Northern to the Northern Pacific between Laurel, Mont., and Northgate, N. Dak. This saving is arrived at as follows: The distance from Laurel to Northgate via the Great Northern's circuitous route is 812 miles. By way of the Northern Pacific to Sydney, Mont., and the Great Northern beyond, the distance is 500 miles. The traffic between these points, consisting principally of oil moving eastbound, averaged four carloads per day each week day, or a total of 116,967 gross tons per year in 1925 and 1926. This tonnage multiplied by the distances of 812 miles over the Great Northern's circuitous route and 500 miles over the short joint route produces gross ton-miles of 94,777,204 and 58,483,500, respectively. These gross ton-miles are then multiplied by the costs per 100 gross ton-miles, which are shown as 12.14 cents for the Great Northern's circuitous route and 7.62 cents for the short joint route. The net result is a total cost of $115,302 over the Great Northern's circuitous route and $44,564 over the short joint route, or an annual saving of $70,738. Everything else being the same, it would appear that the costs per 100 gross ton-miles should be lower via the long route over the Great Northern than via the short joint route. There is no adequate explanation of the marked difference in the costs per 100 gross ton-miles shown for the two routes, nor is any explanation offered why traffic between Sand Point and Casselton on the Great Northern should cost 8.77 cents per 100 gross ton-miles while the traffic from Laurel to Northgate, which moves 412 miles over the same rails, should cost 12.14 cents. Whatever saving might be effected, it is clear that the carriers could bring about the same saving by routing the traffic via the short route without any unification of their lines. Certainly the possibilities of savings from this source are too remote to form a satisfactory basis for a showing of public interest.

The effect of this consolidation on the employees, which form a substantial portion of the population in the territory through which these lines pass, is wholly disregarded in the majority report. When these two lines were built the States through which they pass were largely virgin territory. Communities grew up beginning with the division points of these railroads and to-day such important communities as Jamestown and Mandan, N. Dak., Glendive, Miles City, Forsyth, Livingston, Missoula, and Paradise, Mont., not to mention the larger communities of Butte, Helena, and Billings, Mont., are to a very substantial extent composed of and dependent upon employees of the Northern Pacific Railway Co. And the same is true, although to a smaller extent, in the State of Washington. For half a century these towns have been the principal terminal points as well as the principal towns and cities along this line. It is now proposed, for the alleged purpose of saving $1,500,000, to divert 3,800,000 tons of through freight to the Great Northern between Sand Point, Idaho, and Casselton, N. Dak., a distance of more than 1,100 miles. This will make it necessary to transfer from the Northern Pacific to the Great Northern, if such a transfer can be arranged, a substantial number of employees, completely disregarding the fact that many of them have important property interests in the towns where they now are located. I am not saying that these towns will be destroyed by the removal of the large percentage of railroad employees, but the effect on the towns will be serious and the effect on the employees disastrous. It was testified that at one point on the Northern Pacific the consolidation of these lines and proposed diversion of through freight to the Great Northern would compel railroad employees receiving salaries amounting to $200,000 per year to move elsewhere. Many of these employees have invested the savings of a lifetime in their homes. The consequences would be very serious not only to the employees affected but also to the entire community of about 5,000 population. It has within the last few years made extensive improvements, including a sewerage system costing $170,000 and a water system costing $200,000, which would not have been made but for the existence of the railroad terminal. The interests of those who have invested in property in such towns should be considered as well as those of the stockholders of the railroad, and when the losses to important communities which will result from this consolidation are deducted from the alleged saving, the result will probably have to be shown in red.

In this proceeding, however, my chief disagreement with the majority is as to the method of procedure. If, upon a proper hearing on the specific question at issue, public interest is clearly shown to require the consolidation, approval would probably be justified. Such a hearing has, however, not been had, and if we assume that the hearing upon which the majority bases its conclusions was responsive to the issues now before us, I submit that the showing of public interest has been woefully inadequate to justify the conclusion reached. Since the promulgation of our complete plan I can see no reason for approving this consolidation under paragraph (2) of section 5 instead of requiring an application to be lawfully filed and heard under paragraph (6) of section 5, unless it be the fear that a dismissal of this application would result in releasing the stock which has been deposited under it and that once so released it will never again be deposited, which, of course, would result in the failure of the consolidation. If that be true, the consolidation should fail.

If this consolidation is in the public interest, it should be so shown in a proceeding heard in the light of the changed conditions brought about by our consolidation plan after the governors of the States have been notified of what is proposed, and they, together with other representatives of the public, should be heard. This application should be dismissed without prejudice to filing another application under paragraph (6) of section 5 and in accordance with our final plan of consolidation.

Eastman, commissioner, dissenting:

To a considerable extent my reasons for disagreeing with the conclusions reached by the majority in this case are covered by the separate expressions of other commissioners. I shall, therefore, summarize them very briefly.

(1) The unification proposed is not to my mind a mere acquisition of control within the purview of section 5 (2). It is to all intents and

purposes a consolidation of the railroad properties in question into one system for ownership and operation, and hence is within the purview of section 5 (6). If this is not so, the distinction between the two forms of unification falls short of a difference and is a matter of form rather than substance. Obviously, the attempt to bring this unification under section 5 (2) is pure subterfuge, such as we ought not to countenance. It trifles with the law. Incidentally, those who devised this subterfuge seem to have been unable to utilize the corporation laws of any State in which the system will actually operate. Instead they had recourse to little Delaware, far removed from the theater of action, and availed themselves of one of those loose and extraordinary charters which are granted for use in every State but Delaware, and which make a mockery of State corporation laws. In my judgment it is quite arguable that we would be justified on grounds of sound public policy in refusing every application which involves the use of a Delaware charter, except in the rare event that it is to be employed in that State.

(2) The condition attached to the authority to consolidate the two northern lines, to the effect that they shall divest themselves of their interest in the Burlington, is, so far as I am aware, unsupported by any evidence of record. For many years the Burlington has been treated by the northern lines as a preferred connection, and its development has been shaped to fit that purpose. As I see it, the present situation is a highly satisfactory one. The northern lines are in keen competition, and while they jointly control the Burlington, neither one can dominate it. For that reason its management is largely independent, and yet it fits in with and supplements the operations of each of its joint proprietors. The western termini of the Burlington lines in Montana are not large points but merely junctions with the northern lines.

So important has the Burlington been to its two proprietors that there is every reason to believe that the present unification project was the outgrowth of a fear, inspired by our tentative consolidation plan, that an effort might be made to divorce the Burlington from one of them. Its importance to both was emphasized by the applicants throughout the present record.

The practicability of really divorcing the Burlington from the northern lines is in itself a matter of grave doubt. Its stock is now pledged under mortgages of both roads. Apparently it can be released from these mortgages and sold, but only provided it is sold in its entirety at full and fair value and the trustees under the mortgages so certify. Quoting from the testimony of the president of the Northern Pacific:

"It would obviously require, therefore, a release of this stock from under either of these mortgages, first the sale of the entire block as a whole, and in all probability for cash, before it would be released; and it would require an agreement between the seller and the purchaser as to the value thereof; and it would require a certification of the man or trustee or the representative of the corporate trustee that the full and fair value thereof had been actually received and put under the mortgage in lieu of the released stock."

What would this involve? There is $170,839,100 of Burlington stock outstanding, and during the past eight years it has paid regular dividends of 10 per cent annually. Probably the stock is worth as much as $200 per share. A sale of it would, therefore, mean a $341,000,000 transaction; and in all probability, according to the president of the Northern Pacific, a cash transaction. Our consolidation plan does not provide any railroad company to which this stock can be sold. Where, then, is the purchaser to put up this three hundred and forty-one millions of cash? My own belief is that if such a purchaser is found it will be some creation, no doubt, in the form of a holding company, devised by friendly interests.

Before such a divorce is precipitated its practicability and wisdom and effectuality should surely be the subject of consideration at a public hearing.

(3) As I have already indicated, I see no reason for such a step and no good reason for changing the present situation. I agree entirely with what Commissioner McManamy has to say as to the competition existing between the northern lines and the inconsistency of their consolidation with the preservation of competition "as fully as possible."

Substantially the only plausible reason offered for the consolidation is the hope of certain promised economies. I am not overimpressed by the paper demonstration of these economies. Some of them can be accomplished through cooperation without consolidation. Others are of the type which is dependent upon the elimination of competition. Undoubtedly certain operating economies can be effected by the union of any two parallel and competing lines and the maximum in this direction could be attained, on paper at least, if railroad competition were wholly eliminated. But, rightly or wrongly, I think that it is clear that the country wishes competition preserved and is convinced that the advantages outweigh the disadvantages, actual or theoretical. First in importance in attaining maximum economy in operation is an alert, progressive, and intensive management. Whether such a management will characterize the consolidated systems as fully as it has the present two sharply competitive systems only time can tell.

By the commission.

[SEAL.] GEORGE B. MCGINTY, *Secretary.*

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. SMOOT obtained the floor.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Alabama?

Mr. HEFLIN. I want to address the Senate briefly.

Mr. SMOOT. I was going to propose to the Senate that we meet at 10 o'clock hereafter. Yesterday it was an hour and 45 minutes after the session began before anything was done with the tariff bill, and the same condition existed nearly all of last week. It seems to me the kind of business that has been brought up in the morning could be attended to between 10 and 11, and then we could get to the tariff bill. Every morning it is the same. I dislike to object to the transaction of any business that does not lead to lengthy discussion. However, we will see how we get along to-day.

Mr. SIMMONS. Mr. President, I would like to inquire of the chairman of the Committee on Finance whether he would feel friendly to a limitation upon debate on amendments, say a limitation of 10 minutes.

Mr. SMOOT. I certainly would, not only while the bill is in Committee of the Whole but when the bill is in the Senate.

Mr. SIMMONS. I do not think that we would be able to get such an agreement for a limitation of debate after the bill gets out of the Committee of the Whole, but I hope we may be able to come to an agreement on a limitation of debate while the bill is in Committee of the Whole. There is possibly one exception which ought to be made, if we enter into such an agreement, and that is in the consideration of the proposed tax on crude oil. That has not been discussed at all up to this time, so far as I now recall.

Mr. President, having the acquiescence of the Senator from Utah, in charge of the bill, I ask unanimous consent that while the bill remains in Committee of the Whole, debate upon amendments and the bill be limited to 10 minutes, except as to the amendment with regard to crude oil.

Mr. WALSH of Massachusetts. Mr. President, I sincerely hope the request will be granted. I do not see any occasion now, in view of the remaining amendments, for prolonged debate, and I think it would help very much to expedite the passage of the bill. We all ought to cooperate in every possible way now to get the tariff bill out of the way. We are all worn out with the strain, and a good deal of the time from now on will be wasted unless we have a limitation upon debate.

Mr. STEIWER. Mr. President, I did not hear the unanimous-consent request.

The VICE PRESIDENT. The Senator from North Carolina will state his request again.

Mr. SIMMONS. I ask unanimous consent that while the tariff bill is as in Committee of the Whole, discussion of amendments be limited to 10 minutes, except as to the amendment covering crude oil.

Mr. SMOOT. I suggest that the agreement be that no Senator shall speak longer than 10 minutes.

Mr. SIMMONS. That is better language. I suggest that no Senator be allowed to speak longer than 10 minutes upon any amendment while the bill is in Committee of the Whole.

The VICE PRESIDENT. Is there objection?

Mr. STEIWER. Mr. President, at this time I am obliged to object. I may withdraw the objection after having time to consider the matter a little further.

Mr. HARRISON. Mr. President, is there some particular item the Senator from Oregon wants made an exception?

Mr. STEIWER. Yes; I was thinking of lumber.

Mr. HARRISON. Let us make an exception, then, of that item.

Mr. SIMMONS. I am willing to exclude lumber.

Mr. SMOOT. That would not be affected by this request, which would limit debate while the bill is in Committee of the Whole. That item will only come up when the bill gets into the Senate.

Mr. SIMMONS. The Senator from Utah is correct about that.

Mr. STEIWER. Not necessarily.

Mr. SMOOT. It may come up when the free list is reached.

Mr. STEIWER. I think it is intended that it shall come up in connection with the consideration of the free list. I think the Senator from Washington [Mr. DILL] wants to be heard.

Mr. DILL. Mr. President, to save time, I object.

The VICE PRESIDENT. Objection is made.

Mr. SMOOT. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it recess until 10 o'clock to-morrow morning.

Mr. McKELLAR. Mr. President, that will interfere with committee meetings.

The VICE PRESIDENT. Is there objection?

Mr. McKELLAR. I object for the present.

Mr. SMOOT. The members of that committee do not remain in the Chamber anyhow.

Mr. McKELLAR. They must be here to respond to their names when the roll is called, or when items in which they are interested are reached.

The VICE PRESIDENT. Objection is made.

Mr. LA FOLLETTE. Mr. President, I suggest to the Senator from Utah, if it is impossible to obtain an agreement for a reasonable limitation on debate, that he confer with the members of the Finance Committee on both sides and arrange a schedule for night sessions. If we can not get an agreement for a limitation of debate, and dispose of the bill during day sessions, then I think we should have some night sessions and speed up its passage.

Mr. SMOOT. I think so, too.

Mr. WALSH of Montana. Mr. President, although the junior Senator from Washington has left the Chamber, I should imagine that if crude oil and lumber were excluded from the operation of the unanimous-consent agreement, there ought to be no further objection.

Mr. SMOOT. I do not see why there should be.

Mr. WALSH of Montana. I see the junior Senator from Washington has entered the Chamber. I suggest to the Senator that if he is interested in the proposal to reconsider the item covering the duty on lumber, that lumber, as well as crude oil, be excluded from the operation of the unanimous-consent agreement, and that it be entered into.

Mr. DILL. Mr. President, I think before any such agreement is entered into there ought to be a quorum present, because if I had been out of the Chamber, over in my office, as I might have been, I would not have known anything about this proposal; and there may be other items in the bill just as important to the sections of the country represented by other Senators as the lumber item is to my section of the country. I think we ought to be fair about this matter.

Mr. SIMMONS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	Keyes	Simmons
Ashurst	George	La Follette	Smith
Baird	Glass	McCulloch	Smoot
Barkley	Glenn	McKellar	Steck
Bingham	Goff	McNary	Steiwer
Black	Goldsborough	Metcalf	Stephens
Blaine	Gould	Moses	Sullivan
Blease	Greene	Norbeck	Swanson
Borah	Grundy	Norris	Thomas, Idaho
Bratton	Hale	Nye	Thomas, Okla.
Brookhart	Harris	Oddie	Townsend
Broussard	Harrison	Overman	Trammell
Capper	Hastings	Patterson	Tydings
Caraway	Hatfield	Phipps	Vandenberg
Connally	Hawes	Pine	Wagner
Copeland	Hayden	Pittman	Walcott
Couzens	Hebert	Ransdell	Walsh, Mass.
Cutting	Heflin	Robinson, Ind.	Walsh, Mont.
Dale	Howell	Robsion, Ky.	Waterman
Dill	Johnson	Schall	Watson
Fess	Jones	Sheppard	Wheeler
Fletcher	Kean	Shortridge	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. SIMMONS. Mr. President, I renew the request that I made for unanimous consent a few moments ago, modified to some extent. I send it to the clerk's desk and ask that it be read.

The VICE PRESIDENT. It will be read.

The CHIEF CLERK. The Senator from North Carolina asks unanimous consent that hereafter, while House bill 2667 is under consideration in Committee of the Whole, no Senator shall speak longer than 10 minutes on the bill or any particular amendment thereto, provided, however, that this agreement shall not be held to embrace any amendment that may be offered relating to a duty on crude oil, petroleum, lumber, and shingles.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. Mr. President, I object unless long-staple cotton is included.

Mr. SIMMONS. I have no objection to including long-staple cotton.

Mr. SHORTRIDGE. That might provoke a little longer discussion. I do not know, but it might.

Mr. BARKLEY. Mr. President, I do not like to object to any unanimous-consent request to limit debate on the pending bill, but there are two or three amendments which are liable to arise in the consideration of the bill as in Committee of the Whole where 10 minutes will not be sufficiently long to enable the subject to be presented properly. If the Senator will amend his request and make it 15 minutes instead of 10 minutes, I shall not object.

Mr. NORRIS. Mr. President, I have an amendment which I introduced on February 4, which has been printed and is lying on the table since that time. It is of considerable importance and relates to rather a new subject. It will probably provoke considerable debate. The amendment provides for an appeal to the court upon proper application being made showing that any combination exists by virtue of a tariff on any particular article. If such combination exists and is a monopoly, then the court shall hold a hearing, report to the President, and if it is found that the monopoly exists by reason of the high tariff behind the tariff wall, then the President is given authority to issue a proclamation taking off that particular tariff, and it remains off, giving to the interested parties the right to go into court at any time and make a showing that the combination does not exist any longer, in which case the tariff may again be applied.

It is of a great deal of importance. Whether it is right or wrong, no one can deny the importance of the amendment. I would not want to have an amendment like that disposed of under this kind of a unanimous-consent agreement limiting debate. I am anxious to expedite matters, but I think it will appeal at once to all Senators that an amendment of the kind which I have just described, no matter what view the Senator may take of it, is of considerable importance, and it would not be fair to have time limited for discussion of such an important question.

Mr. SIMMONS. Mr. President, does the Senator desire that an exception be made as to his amendment?

Mr. NORRIS. So far as I am concerned, I have no objection if an exception is made.

Mr. SIMMONS. I ask the Senator from Kentucky [Mr. BARKLEY] if he insists upon a 15-minute limitation? I think that is entirely too much, but if the Senator from Kentucky insists——

Mr. SMOOT. I hope the Senator from Kentucky will not ask for 15 minutes.

Mr. BARKLEY. There are one or two items that probably will come up under the free list aside from oil and lumber—for instance, brick—as to which there should not be a limitation of 10 minutes. For instance, when I sought to take brick from the dutiable list——

Mr. SIMMONS. Would not that question come up when the bill is in the Senate?

Mr. BARKLEY. Of course, all these matters can come up in the Senate. The Committee of the Whole could rise to-day and report the bill to the Senate and substitute that action for further consideration of the bill in Committee of the Whole.

Mr. SWANSON. Mr. President, as I understand it, a direct vote has been taken in Committee of the Whole and a verdict has been rendered on the subject whether it comes under one head or another. The Senate as in Committee of the Whole has passed its verdict. The only way to bring it up again would be to move to reconsider the action of the Senate.

Mr. BARKLEY. I do not agree to that statement, because it is in order to move to take an item from the free list. It can be reached in that way.

Mr. SWANSON. As I understand the rule, when the Senate makes up its mind and votes one way or another on a question, that decision remains as the judgment of the Senate unless some Senator moves to reconsider that action of the Senate.

Mr. BARKLEY. The motion that was made was to take it from the dutiable list, but not to put it on the free list. It would be in order, when we reach the free list, to move to put anything on the free list that a Senator might desire to have put there.

Mr. SWANSON. The Senator could not upset the previous action of the Senate unless it was done by a motion to reconsider. It seems to me the Senator should consider this matter as in order when the bill reaches the Senate. The only way he can get the Senate to change its previous conviction and its expressed will would be by having it vote to reconsider its action in Committee of the Whole or else wait until the bill reaches the Senate. The rule of the Senate can not be changed in any other way. The Senate has expressed its opinion, and that opinion continues in force until a Senator moves to reconsider that action and that motion is agreed to.

After the bill gets into the Senate then the Senator can bring up the subject which he has in mind, but it is clearly a matter

of parliamentary law as I have stated it and has so been observed always in both the Senate and the House.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from North Carolina?

Mr. COPELAND. I object.

The VICE PRESIDENT. The Senator from New York objects.

Mr. SIMMONS. Has the Senator in mind any particular thing on which he desires more time than 10 minutes?

Mr. COPELAND. Mr. President, I represent in part the greatest industrial State in the Union. I come from its chief and most important city. There is no representative from my State upon the Finance Committee. My colleague [Mr. WAGNER] and I have had no opportunity whatever to present matters that have been placed before us. Our only chance to do so is on the floor of the Senate.

No one in the Senate is more interested in the bill than I am, unless it is the Senator from Utah [Mr. SMOOT]. I have occupied as much time as anybody in the consideration of the bill because of reasons I have suggested. I hope I shall not take longer than five minutes on any matter, but I reserve the right to my State to present matters at any length that may seem necessary to properly get our views before the Senate.

Mr. SIMMONS. Am I to understand the Senator from New York that he would not agree to any limitation upon debate?

Mr. COPELAND. I would not say that I should object to any limitation upon debate, but why should the Senator make an exception regarding long-staple cotton and bricks and shingles and oil and a few other things? Those are matters of no direct concern to my State, but there are other matters which may be of great concern to my State. It is my business to see that those matters are properly presented to the Senate, and I intend to reserve that right to my State.

Mr. SIMMONS. I recognize that the Senator has that right, and nobody wants to trample upon it. I will ask the Senator if there is any particular item in which he is interested that he feels will require more than 10 minutes to present?

Mr. COPELAND. There is no such item so far as I know, but if an item should come up and the whole question is open when we get to the free list, no one knows what the situation may be. I do not intend to limit myself by reason of an agreement now. I am perfectly willing to give all the time that may be necessary to other Senators, and I ask that same right for myself and my State.

The VICE PRESIDENT. Objection is made.

Mr. SMOOT. Mr. President, I want to give notice now that I shall ask the Senate to remain in session to-morrow night. I would like to hold a night session to-night if I could.

Mr. HARRISON. Why not hold one to-night?

Mr. SMOOT. There are a number of Senators who have engagements for to-night who did not know that it might be desirable to have a night session to-night, and they have asked me not to commence night sessions before to-morrow night. I wish I could begin them to-night.

Mr. GEORGE. Mr. President, I hope the Senator from Utah will renew his request that we commence our session to-morrow at 10 o'clock in the morning and meet each morning at 10 o'clock until the tariff bill is out of the way.

Mr. SMOOT. I want to give notice now about the night sessions.

Mr. GEORGE. I hope no Senator will object to meeting at 10 o'clock. Within a few days we can get the bill out of the way if we can meet at 10 o'clock and devote our time to the bill.

Mr. SMOOT. Again I ask unanimous consent that at the conclusion of the day's business the Senate recess until 10 o'clock to-morrow morning, and that hereafter its daily sessions shall begin at 10 o'clock in the morning.

Mr. McKELLAR. Mr. President, I objected a while ago, but I shall not object now, because everyone seems to desire that that be done.

Mr. DILL. Mr. President, if we are going to meet at 10 o'clock in the morning and hold night sessions, too, it would seem to me that is going too far.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

Mr. HEFLIN. What is the request of the Senator from Utah?

Mr. SHORTRIDGE. Let us understand the proposition.

The VICE PRESIDENT. Let the Secretary state the request of the Senator from Utah. The Chair must admonish Senators that when they desire to address the Senate they must rise in their places and properly address the Chair, and obtain recognition. Then we will be able to transact business in an orderly way. [Rapping for order.] Let the Senate be in order. The clerk will restate the request of the Senator from Utah.

The CHIEF CLERK. The Senator from Utah asks unanimous consent that when the Senate concludes its business to-day it take a recess until 10 o'clock a. m. to-morrow, and thereafter that the Senate shall convene at 10 o'clock a. m. on each day.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Utah will not substitute meetings at 10 o'clock for night sessions. If we meet at 10 o'clock in the morning, every Senator knows that we will spend an hour or three-quarters of an hour in trying to get a quorum. If Senators are not willing to agree to a reasonable request for limitation of debate, then I suggest to the Senator from Utah that, instead of making a request for meeting at 10 o'clock in the morning, he carry out his first suggestion, that beginning with to-morrow night night sessions will be held until the Senate shall have disposed of the tariff bill.

I am disposed to object to a request for meeting at 10 o'clock, because I know from experience that that is a futile gesture, and besides it merely adds an hour to the deliberations, and that hour, as I stated a moment ago, or most of it, will be consumed in an attempt to obtain a quorum. Therefore, Mr. President——

Mr. HEFLIN. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Alabama?

Mr. LA FOLLETTE. Yes.

Mr. HEFLIN. The Senator, then, means that we should continue to meet at 11 o'clock and also to hold night sessions?

Mr. LA FOLLETTE. That is the suggestion which I am making to the Senator from Utah, because I think the request for 10 o'clock meetings will prove futile in so far as speeding the passage of the bill is concerned.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

Mr. LA FOLLETTE. I object, Mr. President, and I hope the Senator will adhere to his announcement—that he intends to hold night sessions, beginning to-morrow night, until the tariff bill shall have been disposed of.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Senator from Mississippi.

Mr. HARRISON. I hope the Senator from Utah will not wait until to-morrow to start night sessions.

Mr. SMOOT. I am perfectly willing to start them to-night.

Mr. HARRISON. I suggest that the Senator do that.

Mr. FLETCHER. Mr. President, let me suggest that the Senator from Utah does not have to ask unanimous consent to meet at any particular hour at which he should like to have the Senate meet. All the Senator needs to do is to make a motion to that effect.

Mr. SMOOT. I appreciate what the Senator from Florida has said.

Mr. President, I should like to say to the Senator from Mississippi that I do not want to force a night session for this evening. It would interfere with the plans of a number of Senators who have come to me and told me that they did not want a night session to-night because of engagements which they have heretofore made. I have tried during the entire consideration of the tariff bill to meet the wishes of Senators individually and collectively, so far as I could. I will say also to the Senator from Mississippi that it has been customary when night sessions were to be held to give a day's notice. I hope the Senator from Mississippi will not object to postpone the beginning of the holding of night sessions until to-morrow night.

Mr. BROUSSARD. Mr. President, I hope the Senator from Utah will not ask for a night session to-night.

Mr. SMOOT. I have indicated that I would not do that.

The VICE PRESIDENT. Schedule 15 is before the Senate, as in Committee of the Whole, and is open to amendment.

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent that, commencing to-morrow, the Senate shall convene at 11 o'clock and remain in continuous session until 10.30 o'clock at night.

The VICE PRESIDENT. Is there objection?

Mr. HOWELL. Mr. President, I suggest that request for unanimous consent be amended so as to read beginning at 12 o'clock to-morrow and continuing during the evening. There ought to be some time during the day when a Senator will have an opportunity of going to his office and performing his work there.

Mr. SMOOT. They do that.

Mr. HOWELL. They do that, I will admit; but they ought to have an opportunity to do that without absenting themselves from the floor. If we are going to meet in the evening, it seems to me that we should not begin the daily sessions of the Senate before 12 o'clock. If we begin at 12 o'clock and remain in ses-

sion until 10 o'clock at night, we certainly have performed our duty and all that we could be expected to do.

Mr. WALSH of Massachusetts. In view of the statement of the Senator from Nebraska and for the purpose of endeavoring to get consent to the holding of night sessions, I modify my request and ask that the Senate meet at 12 o'clock noon and remain in session until 10.30 o'clock at night.

Mr. NORRIS. Mr. President, I am willing to meet at 10 o'clock, and I will not object to sitting until 10.30 o'clock, if the Senator from Utah wants to ask that that be done. I think that so long as the Senator in charge of the bill is reasonable we ought to try to follow him in so far as fixing the hours of the daily sessions is concerned. I have always followed the Senator from Utah and I have never objected to any request he has made in such matters; but when we are asked to stay here until 10.30 at night it means that in the case of many of us it will be 11 or 12 o'clock at night before we can reach our homes and retire, and we can not keep up that kind of a life; I can not, and I am not going to try to do so. I will not object, but I will not be here. I would not object to meeting at 10.30 o'clock, but I would rather meet at 11 as we are doing now and stop at 10. However, we can not all have our own way. We are all anxious to get through with the tariff bill, and I am not going to object to any request that the Senator from Utah may make, as he is in charge of the bill, even though I think it is unreasonable.

Mr. HEFLIN. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. HEFLIN. How would it do to meet at 11 o'clock and run until 6, then take a recess until 7.30——

SEVERAL SENATORS. Oh, no.

Mr. HEFLIN. And then come back and remain in session until 10.30 at night?

Mr. SWANSON. Mr. President, only one of the requests for unanimous consent which have been presented would have speeded the consideration and passage of the tariff bill, and that was a request for a limitation of debate. That request has been denied. I will not consent to an agreement providing that we shall adjourn at a certain minute at night. We might be making progress; the consideration of the bill might be proceeding rapidly, and we might accomplish a great deal by remaining in session until 11 o'clock, or later. So I am not going to consent to any agreement as to the hour of meeting and as to how long we shall continue. Such an agreement can not be changed except by unanimous consent. The Senator from Utah has charge of the tariff bill. On to-morrow he can move that the Senate take a recess until 10 o'clock the following day, and I will vote with him, and he can move on that day to take a recess at 11 o'clock at night if he sees fit, and we can stay here until that time.

The Senator from Utah has charge of the bill, and I will stand with him in the effort to put the bill through, but I will not consent to an agreement proposing to fix a specific time to adjourn, say, at 10 o'clock or 10.30 o'clock or 11 o'clock at night, to suit my convenience or the convenience of others. I will not consent to any unanimous-consent agreement except one to limit debate, but I will stand by the Senator from Utah if he will make a fight for long sessions, day and night, in order to get rid of the tariff bill, which has been here for nearly 11 months.

Mr. FESS. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Ohio will state his parliamentary inquiry.

Mr. FESS. My parliamentary inquiry is whether it requires unanimous consent to hold night sessions? Can we not hold night sessions, if the Senate is in favor of them, without any unanimous-consent agreement?

Mr. SWANSON. The Senate can adjourn or take a recess when it pleases.

Mr. SMOOT. There is no doubt about that.

Mr. FESS. That is what I understood.

Mr. WALSH of Massachusetts. Mr. President, there is nothing before the Senate, my unanimous-consent agreement having been objected to, and I suggest that we proceed with business.

The VICE PRESIDENT. Schedule 15 is before the Senate as in Committee of the Whole and is open to amendment.

SPECULATION ON COTTON AND GRAIN EXCHANGES

Mr. HEFLIN. Mr. President, I want to read to the Senate a resolution (S. Res. 218) which I have just drafted:

Whereas it is alleged that the price of cotton and wheat is now being greatly depressed by harmful speculation on the cotton and grain exchanges; and

Whereas said harmful speculation has beaten the price of cotton and wheat down below the cost of production: Therefore be it

Resolved by the Senate, That the Secretary of Agriculture is hereby requested to report to the Senate such recommendation as he sees fit to make, even to the extent of temporarily closing said exchanges.

Mr. President, the Philadelphia Record to-day tells the story of an awful gambling orgy in the grain exchange on yesterday. One of the headlines reads, "Farm Board Swamped." It tells the tale of an effort to defeat the farm-relief measure passed by Congress and approved by the President. This tells the story of an attempt to set at naught all efforts of the Government to regulate speculation in farm products, which has worked to the hurt and injury of the farmers of the country. I read from the press dispatch, as follows:

CHICAGO, February 25.—Bedlam gripped the Nation's greatest grain mart to-day when the price of wheat swung crazily down to less than a dollar a bushel on the Chicago Board of Trade.

After haggard traders watched their profits vanishing in piles of crumpled pink slips, powerful buying influences entered the pit. In the last 15 minutes of trading, so hectic that it recalled historic sessions during the World War, prices jumped as spectacularly as they had sagged.

When the final gong boomed over the babel of frenzied voices, perspiring floormen cheered involuntarily in relief. The last chalk marks on the blackboards surrounding the great room showed that most futures closed fractionally above yesterday's prices.

Veteran grain dealers said that the drop of March wheat to 98 cents and its quick recovery to $1.04 brought on the greatest avalanche of selling in months. One estimated that 300,000,000 bushels of grain changed hands during the day.

Mr. President, I want to remind the Senate that 300,000,000 bushels is more than a third of the wheat crop of the United States; but fictitious stuff called wheat to the extent of 300,000,000 bushels is dealt in in a day, tossed over the gamblers' desks by wild men with their millions on the Chicago Board of Trade. The farmer back home is struggling to lift from his farm the mortgage that is upon it, fighting for his existence, paying heavy interest, and seeing a lot of irresponsible people, who care nothing for the Government, who care nothing for right and justice, who care nothing for the farmer and his family, using their millions in gambling, day in and day out, in that upon which he must depend to support himself and family and feed the world—300,000,000 bushels of wheat in a day!

O Mr. President, what are we coming to in the Government of the United States? Those gamblers did not have any wheat; they were selling fictitious stuff called wheat. They were not dealing in grain; they were dealing in chalk marks on the blackboard; they were putting up money, one saying, "I will sell," when he did not own a bushel of wheat, and the other saying, "I will buy," when he knew he was not getting a grain. That kind of business is going on in the country to-day.

Mr. President, it ought to be plain to all Senators that a great effort is being made to produce a panic in this country. I do not know whether it is being done for political purposes or not, but I do not care who it is; anybody, whether a Democrat is in authority or a Republican is in authority, who will bring distress upon the masses of America ought to be drummed out of the country. We ought to use our genius, if we have any——

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. HEFLIN. I will yield in a moment. We ought to use all the ability we have to hold things steady, and to produce prosperity, and prevent undue excess, so that each man may have enough. Now I yield to the Senator from Tennessee.

Mr. McKELLAR. I want to call the Senator's attention to a statement given out at Memphis on last Saturday by Mr. Carl Williams, a member of the Federal Farm Board. Did the Senator from Alabama see that statement?

Mr. HEFLIN. I did not.

Mr. McKELLAR. Will the Senator permit me to read a brief extract from it?

Mr. HEFLIN. Yes.

Mr. McKELLAR. Mr. Williams says:

WILLIAMS SEES DREARY COTTON SEASON AHEAD—FARM BOARD MEMBER SAYS AID INEFFECTIVE IF ACREAGE IS NOT REDUCED

Warning that the South is facing the prospect of the worst cotton calamity in history unless the Government's acreage-reduction campaign is successful was issued here to-day by Carl Williams, member of the Federal Farm Board.

And cotton prices may drop as low as 10 cents a pound, he declared.

Mr. Williams presided at the meeting at Hotel Peabody of the American Cotton Cooperative Association. He urged the support of all cotton organizations in the Farm Board's reduction of acreage campaign.

MAY EXCEED 1926

"A calamity worse than the depression of 1926 may follow if as much cotton is planted in 1930 as there was last year," Mr. Williams stated.

"The United States cotton crop is going gradually down in quality, while the foreign crop has been slowly increasing in quality. These are facts that the South must face. There is no argument, and all the talk in the world won't change them."

Mr. Williams pointed out that during the past three years the cotton yield per acre has been below a 10-year average.

Details of the campaign to reduce cotton acreage, "to fight the prospect of the worst cotton year in history," were announced.

More than 35,000 bulletins have been sent out to farmers and newspapers.

"Dixie farmers face the prospect in 1930 of no Government aid of an effective character, unless immediate steps are taken to reduce the cotton acreage yield," Mr. Williams said.

MUST CUT ACREAGE

"Cotton acreage now is on the red side of the ledger. In 1929 47,000,000 acres were planted and 46,000,000 were harvested. This is entirely too much. The southern farmer can't make expenses so long as overproduction holds down the price. Unless the farmers reduce to 40,000,000 acres, there will be no cotton profit in the South."

Mr. Williams outlined two suggestions which he urged the directors to "put over" in the South:

"That no banker finance production credit, nor merchant credit, nor landlord permit, nor farmer dare to plant any cotton on any land until he has assured a food crop for his family and a feed crop for his stock.

"That no cotton be planted on any land which in a 5-year average has failed to return a net profit."

Mr. Williams said more than one-third the complete acreage in the South last year failed to return a net profit.

I desire to call the Senator's attention to the fact that because of that statement of Mr. Williams, cotton dropped off in price the next day $2.50 a bale, and that notwithstanding the fact that there is a shortage of more than 600,000 bales of cotton of the country's and the world's needs. It does seem to me that the cotton farmers of the South are being attacked from every side, being injured by those who are on this board to help them.

I can not imagine any greater injury to the cotton farmers of the South than this statement of Mr. Williams.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. HEFLIN. I yield to the Senator.

Mr. CARAWAY. I am very much interested in the speech of the Senator from Alabama. I have no doubt in my own mind as to the existence of a conspiracy upon the part of the gamblers in both the cotton and grain marts to discredit farm relief. I think there is no question of that; but certainly, if there is such a conspiracy, there is no more valuable aid than Mr. Legge and Mr. Williams. If the gamblers could name them and put the language in their mouths, they could not improve upon their conduct.

Mr. Legge every day gives out a statement, and then he says that what he means has been too narrowly interpreted. Of course, no living soul can know what he means except by what he says. If the Senator will pardon me just a minute——

The VICE PRESIDENT. Does the Senator from Alabama further yield to the Senator from Arkansas?

Mr. HEFLIN. I do.

Mr. CARAWAY. We do know, unless Julius Barnes is utterly unworthy of belief, that Mr. Legge went over to his office in the United States Chamber of Commerce Building and had a secret meeting with him and others interested as grain buyers and sellers, grain merchants, largely dealing in fictitious grain, and made them a promise that the Farm Board would not take any action affecting the price of grain without notifying them and consulting with them; also a promise that no cooperative association that undertook to buy grain from its members should have a loan at a less interest rate than the commercial interest rate, notwithstanding the law to the contrary.

We do know that Mr. Williams has been advocating short selling ever since he has been on the board. I think he told members of the Senate that he wished they would sell a million bales. As I have understood from the public press, they designated some particular broker through whom they would short-sell, and call it a hedge—it is all the same thing—so that everybody who wants to raid the market may know that the people who are holding cotton are short selling, and therefore they may join in the raid, and there will be nobody to sustain the market.

There is not any hope, there is not any possible chance for the wheat grower or the cotton grower until the Farm Board, at least two members of it, shall change their position. Governor McKelvie, who made a very unfavorable impression upon the committee when he was before it for confirmation, has been the only one who has stood up for the farmer. He denounced this short selling and said that 40 per cent of it was pure gambling, and that it cost the farmer whatever the cost of this gambling was, and he protested against it. He is the only one of the members of that board who has done so, as far as I know.

Mr. HEFLIN. Mr. President, there is no doubt that the board has laid itself, or certain members of it, open to the criticism made by the Senator from Tennessee and the Senator from Arkansas. It is unfortunate that Mr. Williams has the viewpoint that he has about cotton. He does not speak for the Cotton Belt. I do not know whether he just does not know the problem, or whether his environment has been such that he is unable to get the viewpoint of the cotton producers of the United States. I do know that the steps he has taken have played havoc with cotton prices in the United States.

It is all right for a board to suggest to the producers that they refrain from planting too much. It is all right to say, "You must not produce a big surplus and have a great deal more cotton than the world wants." That is very well; but when he, in his efforts to cut down acreage, is destroying the price of the cotton that is already in the hands of the producers and others in the Cotton Belt, he is killing the very people that the measure was intended to aid.

Mr. CARAWAY. Mr. President, will the Senator yield to me for just a minute?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. HEFLIN. I yield.

Mr. CARAWAY. Cutting down the acreage of cotton is all right; but what is the farmer to substitute in its stead? Mr. Legge made the statement in Little Rock that the farmer must reduce his acreage of cotton, and in the very next breath he said the grain producer was in the worst condition of the two. Now, the farmer must grow something on his land, or else he must turn it back to wilderness. What agricultural product is profitable under this program?

Mr. HEFLIN. Mr. President, I must confess that the program they have laid down is very confusing. It leaves everything in doubt as to just what the farmer should do; but right now the immediate evil is the cotton exchanges and the grain exchanges. Millions of money are gathered there, and they are using that money to control the price. They are making millions of dollars every day when they beat down the price of cotton and the price of grain. The Government has sought, by this farm relief measure, to hold up the price of wheat so that it would yield the wheat grower a reasonable profit, or some profit. It fixed a figure for a loan on cotton so that it thought it would name a figure that would enable the farmer to get somewhere in the neighborhood of the cost of production. But it did not put the loan high enough. It ought to have been 20 cents. Now these gamblers in both exchanges have bucked the Government, and they have whipped the Government under this board's control, and have beaten the price of both down below the figure fixed by the Government.

What is the duty of the Senate and Congress when an instrumentality operating contrary to law, the rules of right, and the laws of justice, comes in conflict with the provisions enacted by the Government for the good of the producing class, and when it defeats the purpose of legislation in a great Nation like ours? What is the duty of Congress? The duty of Congress is to destroy that agency or instrumentality, or at least to curb it.

I want to read, just in this connection, what the New York Wall Street Journal of yesterday says about the cotton market up there:

While the wheat market was in session, cotton took its guidance from the pit at Chicago.

Mr. President, is not that an alarming statement? Here is a grain exchange out in the West operating to the hurt and injury and destruction of the great grain growers of this country, beating down and down the price of wheat; and here is cotton, produced away down in Dixie, speculated in over in the East, in New York, and the Wall Street Journal says that that market was guided and controlled by what occurred on the grain exchange out yonder!

Then, Mr. President, these exchanges are locked together. Their interests are the same. They are susceptible to the same influence and manipulation; and when they rob the grain producer, they rob the cotton producer, too.

I simply ask that my resolution be adopted, calling upon the Secretary of Agriculture to make such recommendations to the Senate as he may see fit to make regarding the operation of these exchanges.

I ask unanimous consent for the present consideration of the resolution.

The VICE PRESIDENT. Let the resolution be sent to the desk and read.

Mr. HEFLIN. I will read it, Mr. President. I wrote it with a pencil just a moment ago and have not had time to have it typewritten:

Whereas it is alleged that the price of cotton and wheat is now being greatly depressed by harmful speculation on the cotton and grain exchanges; and

Whereas said harmful speculation has beaten the price of cotton and wheat down below the cost of production: Therefore be it

Resolved, That the Secretary of Agriculture is hereby requested to report to the Senate such recommendation as he sees fit to make, even to the extent of temporarily closing said exchanges.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. NYE. Mr. President——

Mr. HEFLIN. I yield to the Senator.

Mr. NYE. I have no objection to the resolution offered by the Senator from Alabama; but if the Senator has yielded the floor, I should like to offer a few remarks with relation to the pending situation.

Mr. HEFLIN. I shall be glad to yield.

Mr. NYE. Mr. President, I have not taken part in the general scoring to which the Farm Board is having to submit these days, because I am one of those who feel that the Farm Board, though exceedingly late in getting started, is doing now a thing which must be done, and doing it in a most courageous manner.

I have received this morning a great many telegrams from privately owned elevators in my own State of North Dakota, protesting in no uncertain terms against the latest move by the Farm Board; that move being nothing other than an announcement by the Farm Board that it would not buy grain at the loan value fixed at $1.25 a bushel from other than cooperative elevator companies and agencies which are affiliated with the program that the Farm Board has set up to handle the grain situation.

What appears to be the case is this:

When the Federal Farm Board announced that it would make available $1.25 a bushel on wheat sold at Minneapolis, I had no reason to believe, and I think no one else had reason to believe, that it was the intent of the Farm Board to buy grain from all sources at that price. They wanted to encourage the farm people and the farmers' elevators to hold their grain off the market, and were ready to make that sort of an advance to them; and when the time came when these elevators and individuals had to sell their grain outright, to let it loose, even in those cases the Farm Board has stood ready to make them that advance of $1.25, and has closed up the deal.

Now, it appears that while that offer and while that opportunity was made available to the farmers' elevators and those cooperatives who were affiliating with the Farm Board's program, when these agencies were advancing to their patrons $1.25 a bushel, the competing private company a few feet farther down the track at each marketing place in the Wheat Belt went to their patrons and said, "We will advance you $1.25 a bushel. We will give you $1.25 a bushel, too."

As a result, these independent companies have filled their bins, seemingly, with wheat for which they have paid on the basis of the Minneapolis fixed price, $1.25 a bushel, and then, with their bins filled, have turned to the Federal Farm Board and the agencies which the Farm Board has set up, and have sought to prevail upon those agencies to take that wheat off their hands.

Mr. President, we must all agree to this, that if the Farm Board were to pay $1.25 a bushel for wheat, and take all of the wheat that was offered to-day at that price, in the first place they probably would not have the means with which to meet that sort of a demand, and, in the next instance, they certainly would not have the storage facilities available to take that wheat and make place for it.

Therefore, yesterday the Farm Board issued its order to the effect that it would take wheat at $1.25 a bushel only from farmers' cooperatives which were affiliated with the set-up afforded by the Federal Farm Board.

I can not understand why anyone sincerely interested in the welfare of the American farmer should be at all in opposition to that sort of a program. The only ones this morning protesting that ruling by the Farm Board in the Wheat Belt are the individual, privately owned elevators and such other elevators as have declined to affiliate with the set-up operated by the Farm Board to make available to agriculture and to the cooperative enterprises the fruits of cooperation.

Mr. HEFLIN. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from North Dakota yield to the Senator from Alabama?

Mr. NYE. I yield.

Mr. HEFLIN. I agree with a great deal the Senator has said. I think the board has done a great deal of good along certain lines. I think so far it has been very helpful in the case of wheat. I am complaining, as the other Senators from the South have complained, about their particular treatment of cotton. There is no doubt that they have made mistakes as to that. The price of cotton should not be down around 14 cents. That is $6 a bale below the cost of production, and that is ruinous to the farmers who produce cotton.

Some of the members of the board have a great deal to learn about this matter, especially as to cotton. They do not know as much about that as some of us who have been reared in the South, just as they know more about grain than I would know. But I am hoping that the board will get around to the point where it will do everything that should be done for the cotton producers and the grain growers. I believe they will come to that point, at least a majority of them. It may be that there will have to be a change as to one or two members of the board, and if the time comes when we discover that some one or two of them are just opposed to helping the cotton producer, or do not know and can not learn, then we will have to ask the President to do something about it.

I think the board has done a great deal of good for grain, but cotton has not fared well under its treatment.

Mr. NYE. Mr. President, I am not here holding a general brief for all the things the Farm Board has done. I think they have been most unfortunate in some of the statements individual members of the board have made, and that those statements have reflected to the disadvantage of agriculture. But I do not think these have been anything more than errors, and that the Farm Board has been sincerely striving to meet this most perplexing situation.

I agree with the Senator from Alabama when he rather insinuates that there is a great conspiracy on, a conspiracy to discredit the Farm Board, and then in turn to discredit the marketing act which Congress passed. If an investigation were to be held—and I think one ought to be afforded by the Committee on Agriculture of the Senate—I am convinced that it could be found, first of all, that the grain trade, which is determined to discredit the Farm Board and the act which it is administering, in its determination to discredit that board and the act, have sought by all manner of means to depress our American market and they have gone into the foreign markets, have gone to Liverpool, have gone to the Argentine, and there have engaged in programs of buying and selling, which were intended to accomplish one purpose only, namely, to depress the world market, and to depress the world price, so that that depression could be reflected back upon our domestic market here. If they have played that game—and I believe they have—they have played it very successfully.

Mr. President, I can not help but feel that this is a very crucial hour in the life of the Farm Board and the marketing act. It may be demonstrated that what we have afforded in the way of legislation is wholly inadequate, that something more than the bill we passed is needed before agriculture can be given that fair chance to win that place in the sun to which it is entitled.

Mr. President, it seems to me all of us ought to be giving our backing and our support to men who are striving sincerely and honestly to bring about that situation all want to see accomplished.

The picture presented to-day is only a reflection of what has prevailed down through all the years when agriculture, through its cooperatives, has been striving to win for agriculture that better place in the marketing world. Go back through all the history of cooperatives in the Northwest—and I am talking now only from the standpoint of wheat; I do not understand the cotton situation, and do not pretend to—in the case of wheat it was not so many years ago, 10 or 12 or 15 or 20 years ago, when the farmers were convinced that cooperation was the one salvation and the one chance to which they could resort. They built up through those northwestern grain States a series of elevators, a system of cooperative marketing facilities that was a marvel in that age, and would be a marvel to-day. The farmers put hundreds of thousands of dollars into those agencies, and then one day found themselves up against the wall, found that they could not go any further. One thing led to another, and finally the Federal Trade Commission was brought into an investigation of what had occurred there.

Their findings were, in substance, merely this, that through a program of boycott and sabotage the speculative interests, the Chamber of Commerce of Minneapolis, the boards of trade, and all their agencies set out to crush once for all time that great cooperative undertaking. So to-day you find those same interests engaged in a program to discredit, first, the Farm Board, and then the act under which the Farm Board is operating at this time.

I repeat, Mr. President, I do not hold a brief in a general way for all the Farm Board has done, nor do I hold a brief for the act under which they are operating now. I feel sincerely that before we are through with this problem we are going to have to come back to something that will operate in a more direct way for agriculture, but that change is not coming until there has been a full and complete chance afforded for a demonstration of the merit or lack of merit of the act under which the Farm Board is operating at this time.

I hope sincerely, Mr. President, that the Farm Board will be given that better measure of cooperation to which those of us who have followed closely what they are doing and what they are striving to do are convinced they are entitled to.

Mr. HEFLIN. Mr. President, I am sure the Senator will agree with me that if the exchanges which are now dealing in this wild speculation and are beating the price down and making an effort to beat it down below the figure fixed by the Government for loans on wheat and cotton are temporarily withdrawn during this time, when a great many people think we are just about in the midst of a panic or passing through one—if these exchanges are temporarily closed, the price is bound to be up where the Government fixed it for a loan on wheat and bound to be up where it fixed it for a loan on cotton, and it is now $10 a bale below on cotton.

Mr. TYDINGS. Mr. President——

Mr. NYE. Before I yield to the Senator from Maryland I would like to point out to the Senator from Alabama this fact: That where a loan value was fixed at $1.25 for wheat, that $1.25 is available to-day to every cooperative, to every farmer who is affiliated, through his cooperative, with the set-up afforded by the Farm Board. The Farm Board is going to stand by those cooperatives and see to it that they do get their $1.25.

Mr. HEFLIN. I understand, but why allow this gambling machine to operate and beat the price down below a dollar when the Government has fixed the figure at $1.25? If we should remove that action temporarily, would it not be in the interest of the farmer, both West and South?

Mr. NYE. I am in complete agreement with the Senator on that. I think the fine thing, the one great thing that could be done now, and should be done now, is to wipe out that vicious futures-trading machinery which is aiding these speculators to-day in their program to discredit anything we might do here to afford aid to agriculture.

Mr. TYDINGS. Mr. President, will the Senator yield now?

Mr. NYE. I yield to the Senator.

Mr. TYDINGS. I am at a loss to know, aside from the merit or demerit of the policy involved, how we are going to close down these stock exchanges, even if it is deemed wise so to do. They are private property, the seats on them have been bought by the members, and we could not confiscate their property without losing out, in my judgment, in the Supreme Court. How in the world is the Federal Government going to close down the stock exchanges, even if it wishes to do so? I have heard that remedy suggested several times, but I do not see how it could be put into effect.

Mr. NYE. Mr. President, I want to give it as my opinion that if the Farm Board, and the act under which the Farm Board operates now, can be given a chance to get through the crisis which prevails to-day—in other words, if the grain trade can be given the whipping they have been getting so far from the operation of the Farm Board and the marketing act—we will go a long ways in eliminating the futures-trading market. However, if they are successful here now in depressing the price and depressing the market, then I say that we are further than ever from accomplishing the elimination of that vicious factor which has been operating all these years.

The resolution of the Senator from Alabama does not provide for a wiping out of the grain-futures market. It asks the Secretary of Agriculture for a report on what might be done in that regard, if anything at all can be done.

Mr. HEFLIN and Mr. BROOKHART addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Dakota yield; and if so, to whom?

Mr. NYE. I yield to the Senator from Alabama.

Mr. HEFLIN. I was just going to say about what the Senator stated to the Senator from Maryland. My resolution simply calls upon the Secretary of Agriculture to report to the Senate any recommendation he may have to make looking toward legislation or some means of checking this evil, if it be necessary to check it.

Mr. TYDINGS. Mr. President, I had no quarrel with the Senator from Alabama on the purpose of his resolution, but what I rose to point out was that several times it has been suggested that the remedy for this situation is to close the stock exchanges. I know of no power the Federal Government has to close the stock exchanges. There may be a power, but if so, I do not know what it is.

Mr. CARAWAY. Mr. President, may I suggest to the Senator that they can not function unless they may use the mails, or some other means of communication, and if the Government should refuse to permit them to use the mails for their gambling operations—because that is what they are engaged in—it would put a stop to their activities. I do not know why the Government should not do it. We killed the Louisiana lottery in that way, and the stock exchanges could be killed in the same way if we wanted to do it.

Mr. TYDINGS. Of course that is a very fine legal question.

Mr. CARAWAY. The Supreme Court has already passed upon it.

Mr. TYDINGS. I think the Louisiana lottery was passed on by the court and declared illegal, but I doubt very much whether the buying and selling of grain, either growing or to be produced in the future, could be brought within the same category. I will not say it can not be, but it is my opinion that there is no power in the Federal Government to close up the exchanges as they are now operating. At any rate, it is at least conceded that the closing of the stock exchanges would be by indirect action rather than by direct action.

Mr. NYE. I should like to ask the Senator from Arkansas if he is planning to press his bill?

Mr. CARAWAY. Absolutely. Just as soon as the tariff bill is out of the way I am going to ask the committee to report it.

Mr. NYE. I am glad to hear that.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. NYE. I yield.

Mr. BROOKHART. On the question of closing the stock exchanges, every short sale is a fraudulent sale; and, if the law should so declare, that would shut them up; and Mr. Legge's policy, if he will furnish the money, will do it also. If he will furnish the stabilizing corporation enough money so they can buy all that is offered, the exchanges will not do any business. The other plan will even be better. This is the first sensible thing I have known to come out of that board.

Mr. NYE. It is, as the Senator from Iowa declares, the most encouraging thing that has come from the Farm Board—and I refer to the test that has been given it within the last few days. I could not help but feel that this is the crucial hour in the life of the farm relief measure which Congress passed last summer.

Mr. BROOKHART. Is he furnishing enough money to buy all the wheat that is offered through the farm organizations?

Mr. NYE. The Farm Board has declared that it will buy every bushel of wheat at $1.25 that the farmers and their cooperatives will have to offer through the channels that have been set up and recognized.

Mr. BROOKHART. If they will do that the speculation will collapse in the end.

Mr. NYE. I have announced the receipt this morning of a great many telegrams from elevators in my State complaining against the Farm Board ruling, and yet those elevators have refrained during all of these months from affiliating with the set-ups that have been called for, which would make the same opportunity available to them that is available to the Farmers' Union and the wheat pool and others who have properly qualified. More than that, the Farm Board has not put up the bars against their affiliating, even at this date, provided they are holding farmers' grain and not speculative grain, not paper grain but wheat, the real stuff, the stuff that the Senator and I and the rest of the country will eventually consume.

Mr. TYDINGS and Mr. NORBECK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Dakota yield; and if so, to whom?

Mr. NYE. I would like to yield first to the Senator from Maryland, and then I shall be glad to yield to the Senator from South Dakota.

Mr. TYDINGS. I can see where a distinction might be drawn between buying futures which do not exist and buying futures which at least have the substance of existence. We might make a distinction there on the score that one is rank

gambling, and the other simply a trading process. For example, take the canned goods industry. A large percentage of the canned goods are sold each year far in advance of the time of delivery. There is nothing illegal about it, and unless those futures could be sold many canners would have to go out of business, because they rely on that feature to stabilize what otherwise might be a fluctuating price. Where grain is concerned, there is nothing that compels the farmer to sell his future grain. It is a voluntary transaction and a perfectly honorable one. I may sell my services for the next 10 years to a concern under contract. I have done nothing but sell my futures, nothing in the world but sell my future ability to render a certain service. I think it would harm trade and seriously hamper agricultural trading and make a glut in the market at a particular time if all the wheat were dumped on the market at the time it was ripe, and there had been no futures price to stabilize the general situation.

Mr. NYE. But the difficulty lies in the fact that the grain traders, the speculative element, are to-day selling next year's crop of wheat, selling on the basis of next year's crop. I venture the guess that if the cards could be called and laid upon the table to-day it would be found that the speculative element within the grain trade have sold literally millions of bushels more of wheat than they are able to buy or deliver. If they were to be called this morning, I think there would be a revelation in store.

Mr. TYDINGS. Suppose there were no grain exchange, where would the farmer sell his wheat?

Mr. NYE. I think we are fast working to that time. It is not so much a matter of "if" as it is a question of how soon will we come to that point, because there is really only one buyer for the farmer's grain ultimately, and that is the miller—the miller and the exporter. Our mills are not so many but what a central cooperative agency of the farmers of the country could be dealing directly with those mills and the millers. When that is done, we will have effected a greater degree of stabilization by far than we have in the futures-trading market.

Mr. TYDINGS. But I want to point out to the Senator that literally dozens of ships sail from time to time from the big seaports carrying vast cargoes of grain. If there were not some central purchasing agency to buy that grain, it seems to me the price all over the country would be most unstable, and that in a particular community where one man had the power of purchasing for one mill, and if there were no other competition, the farmer would have to take more or less what that man wanted to give him. But certainly the man has the right of holding his wheat under the present situation until such time as the market offers him a better price than at present. If we eliminate the stock exchange or the grain exchange we will be doing the farmer more harm than good.

Mr. CARAWAY. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Arkansas?

Mr. NYE. I yield.

Mr. CARAWAY. The Senator from North Dakota is discussing the argument that we hear so often made, that the grain exchange is a marketing institution and a barometer that shows the rise and fall of grain prices. The market yesterday fluctuated 15 cents a bushel. Any yardstick that permits a fluctuation like that is destructive of the man who has the actual product to sell, because that is more profit than there is in a bushel of wheat. I have seen cotton break $10 a bale in 15 minutes, although there was not a single change in the world condition. It is a purely gambling arrangement and that is all. I do not doubt now that there is a conspiracy upon the part of the people who want the exchanges to flourish and the farmers to perish to discredit the Farm Board, to show how utterly helpless it is to control and stabilize prices, and they are going to beat down the prices for that purpose.

If they can do it, then we know they can manipulate the grain exchange to reflect not the world's market but the gambler's market for grain and eventually every man who produces a bushel of wheat must pay that cost. It is like the man who keeps the "kitty" in a poker game. Eventually he has what all of the players contributed. There is no defense at all for a man's right to sell what he does not have and what he never expects to have to somebody who does not except to receive it and never will receive it. It is pure gambling in the product of another man's sweat and toil, and no representative of the Government can honestly indorse it.

Mr. NYE. The Senator is entirely right.

Mr. NORBECK. Mr. President, I was impressed with some of the remarks of my good friend from North Dakota, realizing his sincere interest in the agricultural problem; but I think he has failed to realize that the farm law, which he says now is under a crucial test, is a law that provides that the American farmer shall produce on a world basis, he shall sell in a free-trade market, but he is compelled to buy his products, his labor, his transportation, and pay for them on the American basis.

I did not rise to question the Senator's attitude toward the Farm Board, but I want to call his attention to the fact that we are misleading the people by holding up the little things and ignoring the large things. The farmer in my State is not interested in the 1 cent a bushel that the Minneapolis grain men are going to get, but he is interested in the 42 cents a bushel which the Tariff Commission says he is entitled to have.

Mr. NYE. Mr. President, I am afraid the Senator was not here during the course of all of my remarks.

Mr. NORBECK. I was not.

Mr. NYE. I think I made it very clear that we perhaps were confronted or would be immediately confronted with the determination of whether or not the legislation we had provided was adequate. I went so far as to express my opinion that what we had afforded was not sufficient and that we would have to come back to something else, but that we wanted to have now the real test made and the real opportunity afforded to show whether or not what we have is enough. The Senator and I are not at all in disagreement on that score.

Mr. NORBECK. The Senator knows I have never criticized any action of the Farm Board. I have been even more careful than the Senator from North Dakota in that matter. But I have heard the Senator speak very frequently, and he fails utterly to emphasize the fact that the law does not provide a proper relation. I think we are entitled to something more than the 1 or 2 cents a bushel which he has been discussing, and that as a matter of fact we should have what we are entitled to, and that is the 42 cents a bushel to which the Tariff Commission says we are entitled.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution (S. Res. 218) submitted by the Senator from Alabama [Mr. HEFLIN]?

The resolution was considered by unanimous consent and agreed to.

The preamble was agreed to.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

The PRESIDING OFFICER. Schedule 15 is before the Senate as in Committee of the Whole and open to amendment.

Mr. WAGNER. Mr. President, I offer the following amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 223, line 14, after the period, insert the following:

Hand-embroidered decorative household linens, such as napkins, luncheon sets, scarfs, towels, sheets, pillowcases, tablecloths, and doilies, 75 per cent ad valorem.

Mr. WAGNER. Mr. President, I understand that the industries interested in securing an increase of duty from 75 to 90 per cent on laces and machinemade embroideries are not interested in or opposed to this particular matter. The amendment, I might say to the Senator from Utah, refers only to handmade embroideries and specifies them. They are not made in the United States at all. Therefore there is no domestic producer or manufacturer that is interested in the amendment.

Mr. BORAH. What is the change proposed?

Mr. WAGNER. On hand-embroidered linens of a certain specified type I propose to amend the present bill so that the duty shall remain as it is now in the 1922 law. It is not a question of competition with American products, because handmade embroideries are not made in this country at all. They are practically all imported. That is stated to me by the manufacturers of machine-made embroideries in this country and also is stated in the report of the Tariff Commission.

Mr. WALSH of Massachusetts. Mr. President, may I inquire what is the rate fixed in the bill on handmade embroideries and handkerchiefs?

Mr. WAGNER. Ninety per cent ad valorem. The present law is 75 per cent ad valorem.

Mr. WALSH of Massachusetts. That is, the House increased the rate from 75 to 90 per cent and the Finance Committee concurred in that increase, and therefore it is now a part of the bill unless a change is made.

Mr. WAGNER. That is true. As I understand, it was never the intention of either the House or the Senate committee to include in this classification handmade embroidery. The question that arose was between laces and machine-made embroideries imported.

Mr. WALSH of Massachusetts. This is a case somewhat like lace window curtains.

Mr. WAGNER. No; this does not include curtains.

Mr. SMOOT. This falls in paragraph 1529, "Laces, lace fabrics, and lace articles, made by hand or on a lace, net, knitting, or braiding machine," including various articles such as ruchings, insertings, edgings, and so forth. In line 22, page 222, the Senator will notice the language, "Whether or not the embroidery is on a scalloped edge." This will all fall under paragraph 1529. What the Senator is undertaking to do is to take out "hand-embroidered decorative household linens, such as napkins, luncheon sets, scarfs, towels, sheets, pillowcases, table cloths, and doilies, 75 per cent ad valorem." That is the present law.

The House, however, put a duty of 90 per cent on all the other items, as well as upon this one, while in the existing law there is a duty of 75 cents on all of them. The amendment would provide a 75 per cent duty on the hand-embroidered decorated household linen, not only upon handkerchiefs, but upon luncheon sets, scarfs, towels, sheets, pillowcases, and other items. There would be that discrepancy should the amendment be agreed to.

Mr. WAGNER. I do not understand the statement of the Senator from Utah.

Mr. SMOOT. There would be the discrepancy in this paragraph if the Senator's amendment were agreed to.

The Senator has stated that there are none of these articles made in the United States. He is mistaken in that respect, but I want to say to the Senator from Massachusetts [Mr. WALSH], in answer to his question, that Porto Rico is chiefly concerned in this item. Most of this class of work is done there; and the protection of 90 per cent was given mainly to take care of the situation in Porto Rico.

Mr. WALSH of Massachusetts. In order to let the Porto Ricans have the advantage of this market?

Mr. SMOOT. In order that they might have the advantage of this market.

Mr. WAGNER. The report of the Tariff Commission is that the domestic production of handmade embroideries is known to be negligible and not of commercial importance. If that be so, in the case of a manufactured article which is not produced in this country, all of the handmade embroideries which are used here being imported, to increase the rate of duty seems to be an extraordinary procedure and one which is entirely unjustifiable.

Mr. SMOOT. The main question is this: Have we an obligation to Porto Rico? If so, the rate proposed by the committee is required, under existing conditions, to protect the industry in Porto Rico. Considering merely the manufacture of the article in the United States proper, perhaps, the Senator's amendment would be justifiable; but this case is similar to others elsewhere in the bill. For instance, in the case of handkerchiefs the rate was increased in order to take care of the Porto Rican hand-embroidered article. This case is exactly similar to that. I ask the Senate to pass upon the amendment in the same way that it passed upon the other amendment.

Mr. WAGNER. I will suggest to the Senator that, as I am informed, neither before the House committee nor before the Senate committee was there any application made for an increase of duty on handmade embroideries; the increase was sought upon machinemade embroideries. To that proposition I assent, and I am ready to vote for it; but here is an article which is not produced in the United States at all——

Mr. SMOOT. Oh, yes; it is produced here.

Mr. WAGNER. And there is no evidence anywhere, so far as I know, that the difference in the cost of production in Porto Rico and in some of the other countries which produce it is so great that they need protection against other countries, such as China and some of the European countries, as I am told. So why is not a duty of 75 per cent sufficient?

Mr. SMOOT. The Senator speaks of China. Take handkerchiefs which are embroidered in China——

Mr. WAGNER. I am not dealing with handkerchiefs.

Mr. SMOOT. I know the Senator is not, but he referred to China. That is the country from which a great deal of the competition against Porto Rico comes. As the Senator may remember, it was shown that the cost of the hand-embroidered handkerchiefs in China is only about 3 cents a half dozen, while in Porto Rico and even in other foreign countries the cost is four or five times that sum.

Mr. WAGNER. I might say to the Senator, if he will yield to me, that this amendment does not deal with embroidered handkerchiefs, either handmade or machinemade.

Mr. SMOOT. I am aware of that. I only referred to them in view of the Senator's suggestion that there was not very much difference between the wages paid in Porto Rico and elsewhere.

Mr. WAGNER. If the Senator will yield further, I desire to say that there certainly is a difference in favor of Porto Rico if that is the situation with which the Senator is concerned. The cost of labor in such countries as England, France, and Germany is certainly higher than in Porto Rico; and yet it is proposed now to give Porto Rico the benefit of a 75 per cent ad valorem duty. I have been told that those in the business—in fact, one of the manufacturers told me to-day—are not interested in this particular item because the article is not produced in this country.

Mr. SMOOT. Of course, if the manufacturers are not producing the article they would not be interested.

Mr. WAGNER. But nobody is producing it here.

Mr. SMOOT. Porto Rico is producing it.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the junior Senator from New York [Mr. WAGNER]. [Putting the question.] By the sound, the noes seem to have it.

Mr. WAGNER. I ask for a division.

The question being put, on a division, the amendment was rejected.

The PRESIDING OFFICER. Schedule 15 is still before the Senate as in Committee of the Whole, and is open to amendment.

Mr. COPELAND. Mr. President, I desire the attention of the Senator from Utah [Mr. SMOOT]. I feel very sorry for the Senator from Utah. He has had a hard task and has performed it well, and he must be nearly worn out. I want to call his attention, however, to paragraph 1529, on pages 222 and 223, the paragraph we have just been considering. The matter I have in mind relates to clocked stockings. Does the Senator know what they are?

Mr. SMOOT. I certainly do.

Mr. COPELAND. Under the arrangement of this paragraph as it is now written, without an exception being provided, stockings, if they have the least little bit of embroidery on the ankle to show which is the right and which is the left, are immediately lifted into a higher bracket. I am asking, Mr. President, on page 223, line 6, of the pending tariff bill, after the numerals "915," to insert the numerals "916," and after the numerals "1111" to insert the numerals "1114."

Of course the purpose is to leave out of paragraph 915 hosiery——

Mr. SMOOT. The Senator proposes to insert "916"; I think it should be "915 (b)," should it not?

Mr. COPELAND. After the numerals "915" I want to insert the numerals "916," which covers hosiery, and also insert the numerals "1114," because that, too, covers hose and half hose.

Mr. SMOOT. It should be 1114 (b).

Mr. COPELAND. The Senator is correct; it should be 1114 (b).

I think undoubtedly the committee intended to exempt these particular items, because there could be no reason to lift by 15 or 20 per cent the rate upon a stocking if it had a little tiny bit of embroidery upon the ankle.

Mr. SMOOT. The provision of which the Senator now complains is in the act of 1922.

Mr. COPELAND. Of course that shows that the committee in 1922 made a mistake.

Mr. WALSH of Massachusetts. I understand the Senator from New York thinks a distinction should be made between hose slightly embroidered and hose which is extensively embroidered.

Mr. SMOOT. That is not all there is to it, for under the amendment of the Senator from New York hose that is completely embroidered would fall under the paragraph he suggests.

Mr. WALSH of Massachusetts. I am afraid that is the trouble.

Mr. SMOOT. It is one of those cases where it seems as if an injustice is done——

Mr. WALSH of Massachusetts. Where there is only a little embroidery it is an injustice, but if the door is opened hose entirely embroidered may be brought in.

Mr. SMOOT. Hose embroidered all over may be brought in at the same rate.

Mr. COPELAND. I know exactly what the Senator means, because I have seen in the store windows stockings of the type which are covered with embroidery, but that is not what I have in mind.

Mr. SMOOT. I know the Senator has not.

Mr. COPELAND. Let us find language, then, that will cover what I have in mind, which is the simple little clockwork at the ankle. Perhaps the Senator from Utah could suggest language that would cover it.

Mr. SMOOT. The same difficulty exists not only in the case of clocked stockings, but in many other cases. It is one of the most difficult situations with which we have to deal, and up to

the present time we have never found words which, incorporated in the bill, would solve the difficulty.

Mr. COPELAND. May I say to the Senator that I am going to see if I can find words to-day at some time which will bring about the result I desire to obtain. I am sure that the Senator and I can agree. If we can find the language to cover a stocking with a simple little clockwork, the Senator will be glad to have action taken along that line.

Mr. SMOOT. I will be glad to see what the Senator has to propose.

Mr. COPELAND. Mr. President, I have another amendment.

Mr. BARKLEY. Mr. President, while the Senator is looking up his amendment——

The VICE PRESIDENT. The Senator from Kentucky will be recognized for the present.

Mr. BARKLEY. Mr. President, I have had brought to my attention two or three provisions in the sundries schedule involving increases made by the House of Representatives which have not been changed by the Senate committee. I think those increases are unjustified; but I have not had sufficient time since they were brought to my attention to look carefully into them. I shall not offer any amendment as to those items at this time. They include matches, photographic films, moving-picture films, and one or two other articles. I merely want to state that when the bill goes into the Senate I may offer amendments reducing the increases which have been made, but I do not want to do so now, because, as I have said, I have not sufficiently investigated the items.

Mr. WALSH of Massachusetts. Mr. President, a parliamentary inquiry. May amendments be offered in the Senate to items of the bill on which increased duties have been confirmed by the Senate?

Mr. BARKLEY. I understand that the rule is that any amendment will be in order in the Senate that was in order as in Committee of the Whole; that we lose no rights by reason of the previous action of the Senate.

Mr. WALSH of Massachusetts. That is my judgment, but I wanted to confirm that view.

Mr. COPELAND. Mr. President, I send forward another amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 210, paragraph 1515, in line 23, it is proposed to strike out the figure "8" and insert in lieu thereof the figures "25."

Mr. COPELAND. Mr. President, that amendment proposes to raise the rate on firecrackers from 8 cents a pound to 25 cents a pound. If I had my way, I would raise it to $9 a pound. Firecrackers are dangerous; they are a menace to society, and ought not to be used in any family where there are children. I offer the amendment.

Mr. WALSH of Massachusetts. Mr. President, I would agree with the Senator that no limit should be placed upon the duty on firecrackers if the amendment were confined to oratorical fireworks in the Senate. [Laughter.]

Mr. TYDINGS. Mr. President, I will suggest to the Senator from New York that a short time ago, after conferring with Mr. Stewart, of the Bureau of Labor Statistics, in order to protect the workers, I was about to introduce a bill to prohibit the manufacture of fireworks containing white and yellow phosphorus. However, Mr. Stewart called in all the manufacturers and they signed an agreement that they would not use that material any more.

As any one knows, if you are burned with a Chinese firecracker it is likely that tetanus will follow. Fireworks are already restricted in almost every municipality, and largely in the States of the country. There are several measures pending now to limit them further; and it does seem to me to be unfair to subject the American industry to adverse publicity and probable death to little children from using these Chinese firecrackers.

Having had some connection in a legal way with one of these companies I know that their whole industry is continually hurt by accidents that occur, and sometimes death follows, when they are trying to improve it in every way they can to safeguard human life.

I hope the amendment will prevail.

Mr. SMOOT. Mr. President, if what the Senators say is correct we ought to put an embargo on these importations.

Mr. TYDINGS. That would be an embargo, as I understand.

Mr. SMOOT. I mean directly, so as to give notice to all the world.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New York [Mr. COPELAND].

The amendment was agreed to.

Mr. COPELAND. Mr. President, I have an amendment on page 219, at the top of the page. The paragraph begins on page 218—paragraph 1526, hats, caps, bonnets, and so forth.

Yesterday, or day before, when I brought up the matter of silk or opera hats the Senator from Utah suggested that they should be brought into this schedule; so I offer this amendment to add a sentence at the end of the paragraph at the top of page 219.

Mr. SMOOT. Mr. President, may I call the Senator's attention to the fact that these are hats in chief value of fur of the rabbit, beaver, or other animals? I suggest, if the Senator is going to offer an amendment, that he offer it as another paragraph, or a subparagraph (b).

Mr. COPELAND. Would that be better? I move, then, that paragraph 1526, as written in the bill, be called "(a)," and that a new subparagraph, "(b)," be added, reading as follows:

Silk or opera hats, in chief value of silk, $2 each and 75 per cent ad valorem.

Mr. SMOOT. Did not the Senate vote upon that once?

Mr. COPELAND. No. I brought it up at one time.

Mr. WALSH of Massachusetts. Mr. President, is the Senator going to put an embargo on the wearing of silk hats by Senators?

Mr. COPELAND. No; but if it is necessary to produce them in this country, for my part I am willing to do so.

There are more silk hats worn in the United States now than ever before. That, perhaps, will be a surprise to persons who have not had occasion to look into the matter. We imported last year a thousand dozen of silk hats. We used to make these hats in the United States. We had at one time in New York City 600 members of the silk-hat union; but the industry has gone on down and down until there are just a few old men left now. It is exactly like the case of hand-blown bottles, where, out of consideration for a small number of men, we took certain action.

Mr. WALSH of Massachusetts. That was when we had St. Patrick's Day parades.

Mr. COPELAND. Yes; that was when we had St. Patrick's Day parades; and we have them still. Of course, in Boston they have become now so dignified that parades do not appeal; but we are still human in New York, and if the Senator will come over with me on the 17th of March, I will show him a real celebration in New York next month.

Mr. WALSH of Massachusetts. With silk hats?

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. COPELAND. I yield.

Mr. BARKLEY. The Senator will recall that in his boyhood days—which have not been so long ago——

Mr. COPELAND. I thank the Senator.

Mr. BARKLEY. Lawyers and doctors and ministers of the gospel very largely wore silk hats all the time. I recall, when I used to go into the county seat, my admiration for the professions of law and medicine. You could always tell the members of those professions from the ordinary man, because they wore silk hats and Prince Albert suits. Probably the change in styles has had as much to do with the decline of the silk-hat industry in the United States as anything else. Now silk hats are worn only on special occasions; but in former days they were worn by a very large number of people as the ordinary hat wear.

Mr. COPELAND. What the Senator has said reminds me of my youth. When I was a young doctor, I wore whiskers, a Prince Albert coat, and a silk hat, and I could buy the silk hat then for $5; and the poor devil who made it got a dollar a day—that is all. Now, however, we have gone on until the silk-hat industry has been transferred to England; and those hats—the crush hat, the opera hat, which is now commonly worn by handsome young men like the Senator from Maryland [Mr. TYDINGS]——

Mr. TYDINGS. Mr. President, the Senator only sees himself reflected when he looks at me.

Mr. COPELAND. I feel flattered when the Senator says that; I wish it might be true. Those hats are brought in from England and sold here at $72 a dozen, $6 apiece. That is what these men pay for them; and when a hat is purchased now in the United States from a hat dealer—one of the crush hats that the Senator from Idaho [Mr. BORAH] wears when he is dressed up, and for which he pays $20 or $25—it costs the dealer $6. That is all it costs him.

Certainly we have no particular interest in what the price of silk hats may be; but if by placing a duty upon the hat we may restore the industry and have American labor paid for making these hats, certainly it is desirable and proper that that should be done, and no hardship will be worked upon anybody by it.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SMOOT. Based upon the importations, the rate provided by the Senator's amendment is 150 per cent.

Mr. COPELAND. I do not care if it is 250 per cent.

Mr. SMOOT. I just wanted to call the Senator's attention to that fact.

Mr. COPELAND. I know it is a considerable percentage. This hat sells at $6 to the retailer, and he sells it to us for $20. We can make that hat in this country, with a $2 tariff upon it, plus the 75 per cent duty, and it will cost about $10 or $12. That is what it will cost the retailer in America; but he will still get his $20 or $25. The difference will be that a thousand dozen silk hats will be made in the United States instead of being made in England.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York. [Putting the question.] By the sound, the "noes" seem to have it.

Mr. COPELAND. Mr. President, I am going to ask for a division on this amendment, or even a roll call——

Mr. SMOOT. Let us have a roll call.

Mr. COPELAND. Because, while it is natural that we should be facetious about this matter, let me tell Senators what it means.

Here are 40 or 50 families in New York City, about the same number in Chicago, a few in Detroit, and a few in the other large cities, the heads of which have made silk hats. They have never made anything else. If there is anything in the protective tariff being protective, every last man on the other side of the aisle certainly should vote in favor of this tariff. On our side of the aisle, we have involved these families, a few of them, in America. Why not take care of them? Why not bring back here this industry, even though it is a small industry; and who is going to be hurt?

Suppose silk hats cost $40 or $50. It is indecent to charge $20 for a silk hat—you can not buy one for less than that, however—just because there is no competition here, and these men who are in the business of selling the hats are in cahoots with each other. Just because we have made sport of a thing, Senators, let us not disregard the fact that there is a human element involved in this matter. Let us take care of the families who depend upon this industry.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I do.

Mr. BARKLEY. I am interested in the figures given by the Senator to the effect that the hat is imported at $6, and brings $20 when it is sold at retail. I am wondering whether, if there is a real field for a domestic industry in silk hats somewhere between $6 and $20, it could not operate at a profit in this country.

Mr. COPELAND. It does not do so. The only orders these men have are special orders. If there should be a man with an unusually large head, or a peculiarly shaped head, or who desired a special type of hat, specially made, then our people make it; or if they run short in the big stores in New York, in the Knox concern or some others, they go to these men and have the hats made up.

Mr. BARKLEY. Mr. President, I do not know much about the silk-hat industry; but it strikes me that $15 is a pretty wide margin, within which any industry in this country that is seeking to produce these hats by mass production, if they can be produced by mass production, could afford to operate.

I am not concerned about whether the tariff on them is high or low, because it is not going to worry me; but it does seem that a margin of $15 offers enough inducement to local capital to go into the business if there is enough demand for these hats to justify the investment of money.

Mr. COPELAND. I am sorry that I have to go so extensively into the argument.

I want to say, first, that the domestic manufacturers can not compete in price with foreign producers under the present rate of duty, which is not sufficient to equalize the difference in cost of production in America and Europe.

Second, imports are rapidly increasing, while domestic production is steadily declining. The records of the National Trade Association, which are available on request, give the total number employed in the trade in New York for 1900 as 400, which had dwindled in 1920 to 80, and in 1925 had decreased to 55; and at the present time there are only 21 employed.

Third—and here is the great item—hatter's plush is the material of greatest cost in the manufacture of silk hats. In 1922 the duty on this commodity was increased from 10 per cent to 60 per cent, thereby substantially increasing the cost to the American manufacturer, without any compensating increase of duty on the finished article.

Mr. BARKLEY. What is the rate on the finished hat now?

Mr. COPELAND. On the finished hat now I think it is 40 per cent, or perhaps 60 per cent.

Mr. BARKLEY. If it is 60 per cent, then that is the same rate that is placed on the felt of which it is made. Is that correct?

Mr. COPELAND. On the plush out of which it is made, with no compensating duty.

Mr. BARKLEY. The plush; yes. What is the difference in cost of producing this silk hat in the United States and in Europe?

Mr. COPELAND. The difference is about $5 per hat.

Mr. BARKLEY. If this European hat is coming in at $6, and we add enough tariff to make up the difference of $5, that would make it $11. The Senator says they are getting $20 for it now. As between the $20 and the $11, which represents the cost of manufacture and the difference in cost at home and abroad, there is a margin of $9. Within that margin of $9, is there a sufficient field for American industry to go into the silk-hat business and justify them in making a hat and selling it at least for $20, so as to compete with this imported hat?

Mr. COPELAND. The total cost of the average foreign so-called opera hat imported, landed in the United States, all charges and duty paid, is $5.80. The cheapest silk hat that can be manufactured in the United States costs $7.50. An opera hat costs more. Now, Senators know the way these great concerns do—Truly Warner and Knox and Stetson and others. They make these great runs. They advertise extensively, and because of the advertising they have sales for these hats. They say, "They are very low now, only $18.50," although they cost them $6. I have no question that if a decent rate is placed here, and these old men given a chance, that there will be more silk hats made in the United States, and certainly nobody can suffer.

I appeal to Senators on the other side, if they believe in a protective tariff to protect American industry, to protect this one. I appeal to Senators on this side. Certainly nobody is going to suffer if silk hats are given a decent rate.

Mr. WALSH of Massachusetts. Mr. President, the discussion upon this item, in which I am not interested from a rate standpoint, has disclosed a situation which has been brought to our attention again and again during the debate on this tariff bill; that is, the extent to which extortion is being practiced upon the American consuming public in the excessive prices charged for goods imported into this country when they are sold at retail.

The same situation may exist as to domestically produced goods, and possibly we have no remedy against such a situation, but surely there is some way to protect the public against the outrageous extortion and robbery that is being practiced in the case of exorbitant prices charged for goods imported under special limitations and special taxes into this country, when they are retailed.

I suggest that we could do no better service to the American public than to incorporate in this bill an amendment which would limit the price charged by the retailer to the public at, say, 50 per cent of the invoice price displayed at the customs office when goods are imported, and that in the event of a price in excess of 50 per cent being charged, the Government levy a tax of 50 to 90 per cent upon the price charged in excess of 50 per cent of the invoice price.

I call upon the experts in this Chamber representing the Tariff Commission to get together and draft an amendment which will enable us to protect the housewives and other consumers against the extortion that has been alleged here in connection with many imported articles. Think of an article being imported into this country for $6 and the public being charged $20 for it!

Mr. SMOOT. There are lots of cases worse than that.

Mr. WALSH of Massachusetts. As the Senator from Utah says, there are many cases very much worse than that, which have been called to our attention. Cheap jewelry imported for 2 and 3 cents apiece sold for 25 cents. We had another illustration in the case of straw hats, the invoice price being 25 cents, and the article retailing for $2. Indeed, many cases of unconscionable profits have been called to our attention during this debate. I hope the chairman of the Committee on Finance will ask the Tariff Commission to draft an amendment which will permit us to put a limit upon profits made by those who handle imported goods in this country. We can do a better service to domestic industries and the public by doing that than any rates we fix in connection with this bill. Not only that, but we will help to put an end to trade extortions that are outrageous, and also by implication give a warning to

the domestic producers that they will have to be careful about the profits they demand, or there will be some statutory means devised to restrict their profits.

Mr. BORAH. Mr. President, does the Senator favor some amendment on this bill by which to limit the profits of the importers?

Mr. WALSH of Massachusetts. I certainly do.

Mr. BORAH. The only question with me is the practical side of it. I agree with the Senator's view about it.

Mr. WALSH of Massachusetts. I suggested, without giving the matter recent or exhaustive study, that it might be possible to put a limit upon what should be the price charged for imported goods in excess of the invoice price which is displayed at the customs office, say, 50 per cent, and then when a price in advance of that is charged the retailer, who handles the goods and sells them to the public, must pay a heavy tax on the profits above 50 per cent of the invoice price. In other words, some form of a sales tax upon imported goods should be devised, in view of the fact that importers are given a special right, at a low tariff rate, to import into this country. It is possible that we could provide for an additional tariff tax when the imported article is retailed beyond a fixed profit.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. BARKLEY. I am sure the Senator does not mean to draw a general indictment against all importers and all importations.

Mr. WALSH of Massachusetts. I certainly do not.

Mr. BARKLEY. The enormous profits made by them, to which he refers, can only occur where there is no substantial domestic competition with their imported article. One of the great complaints made by the domestic manufacturer as a basis for an increase in tariff rates has been that the importer sells his product at such a cheap price that the domestic manufacturer can not compete with him. In those cases I think it would be unfair to say that the imported article sells, even under those conditions, at a price high enough to bring to the importer an outrageous profit. I did not want the Senator to leave the impression, which I am sure he did not intend to leave, that all men who import merchandise into the United States, or sell to the American people, are guilty of extortion.

Mr. WALSH of Massachusetts. I agree with the Senator, but there is a sufficient number doing it to make it a subject for legislation.

Mr. BARKLEY. I think it ought to be said in that connection that a large percentage of these enormous profits are made by the retailer who distributes the goods to the individual consumer, in some cases 50 per cent, and as high as 60 per cent, of the cost price.

Mr. WALSH of Massachusetts. Yes; but if those particular goods were segregated, and the retailer had to give an account in the way of a special tax to the Public Treasury for profits made upon imported goods, he would be more likely to buy and handle domestic goods and therefore help the domestic industry.

Mr. BARKLEY. I agree that if there is any way of arriving at outrageous profits by either importers or American manufacturers—and, so far as the consumers are concerned, they are on the same footing—I should like to see it done. Whether it is practical to attempt it in connection with a tariff bill is another matter.

Mr. WALSH of Massachusetts. Mr. President, I want to ask the chairman of the Committee on Finance if he will cooperate with me and other members of the Finance Committee in working out an amendment that will put some restriction upon the extent to which profits are being made upon imported goods, with which he is so familiar, and which he has denounced again and again? Are we going to let it go on, and admit this robbery, admit this abuse, and say we are helpless, or are we going to adopt an amendment to stop it?

Mr. SMOOT. I have had the question up several times, and I am fearful we can not do what we would like to do.

Mr. WALSH of Massachusetts. We can pass a law limiting the amount of interest that can be charged the public, and send to jail one who charges more on a loan than he ought to charge, and I think we ought to find some way of putting a limit on the excess profits that are charged the public upon the necessities of life at least.

Mr. SMOOT. I will say to the Senator that I have discussed that matter somewhat with the Treasury Department officials, and they are fearful it can not be done.

Mr. WALSH of Massachusetts. I suggest that the Senator consult the Department of Justice and see if there is not some way of handling the matter within legal bounds. I appreciate fully that it is difficult to shape legislation in order to get effective results.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York [Mr. COPELAND].

On a division, the amendment was agreed to.

OXFORD (MD.) POST OFFICE—MISS MOLLY STEWART

Mr. TYDINGS. Mr. President, I crave the indulgence of the Senate for about three minutes on a matter apart from the tariff.

There is a lady over in Oxford, Md., named Miss Molly Stewart, who has been postmistress there for 52 years, under Democrats and Republicans. She has the support of the entire community that she be not displaced by some other appointee. She opens the office at 6 o'clock in the morning and stays there until 9 or 10 at night, when her hours as fixed by law are much shorter. It appears that some grasping politicians in that vicinity want to displace this lady, who has served as postmistress in this place for 52 years.

Although it is a small office, although it will probably be lost sight of in the shuffle of legislation and governmental business, I want publicly to register my protest against the removal of an efficient employee, who has served well for 52 years, for no other reason than that some hungry job seeker wants to get the place, against the wishes of the entire community which this lady serves as postmistress.

I ask that a newspaper article about this matter be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FACES LOSS OF UNITED STATES JOB HELD 52 YEARS—MISS MOLLY STEWART, POSTMISTRESS AT OXFORD, MD., DUE TO BE DROPPED—SHORE TOWN AROUSED—MOVE BY REPUBLICANS TO OUST HER LAID TO POLITICS—PETITION OF PROTEST SIGNED

OXFORD, MD., February 23.—Miss Molly Stewart, postmistress in this old water-front town for the past 52 years, is in danger of losing her job.

Miss Molly isn't a politician. Indeed, she quite frankly admits that she has never voted, and therein lies the story why Miss Molly may be succeeded by a Republican who did effective work for Mr. Hoover in the last presidential election.

The report that George Dobson has been recommended by the Republican State central committee of Talbot County for Miss Molly's job has aroused this ordinarily peaceful town and the residents are voicing their protest of the proposed change by signing a lengthy petition. More than 400 already have affixed their signatures to the paper.

ON THE JOB FOR 52 YEARS

She is an institution to the people here and they are not going to miss her friendly greeting if they can help it. During her 52 years in office Miss Molly has learned all the ins and outs of the mail trade and cooperates extensively in distributing letters.

"If you see Cap'n Gallup or Cap'n Bob Pine down around the wharf tell them they have some letters here," she often calls to urchins bound for the steamboat landing.

Miss Molly is strictly a home-loving person, and in all her 69 years she has been away from Oxford only four times. Her father, who was postmaster many years before he died in 1877, gave Miss Molly her first training.

CHOPTANK RIVER BRIDGE, MARYLAND

Mr. TYDINGS. Mr. President, I ask unanimous consent for the consideration of the bill (S. 3421) to authorize the Tidewater Toll Properties (Inc.), its legal representatives and assigns, to construct, maintain, and operate a bridge across the Choptank River at a point at or near Cambridge, Md.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the Tidewater Toll Properties (Inc.), a corporation incorporated under the laws of Maryland, its legal representatives and assigns, be, and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Choptank River at or near Cambridge, Md., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, either the State of Maryland, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches and any interest in real property necessary therefor, by pur-

chase or condemnation in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation. If at any time after the expiration of 20 years after the completion of such bridge and its approaches the same is acquired by condemnation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion cost, not to exceed 10 per cent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 3. If such bridge shall at any time be taken over or acquired by any municipality or other political subdivision or subdivisions of the State of Maryland under the provisions of section 2 of this act, and if tolls are charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the cost of maintaining, repairing, and operating the bridge and its approaches, and to provide a sinking fund sufficient to amortize the amount paid for such bridge and its approaches as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient to amortize the cost of acquiring the bridge and its approaches shall have been provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper care, repair, maintenance, and operation of the bridge and its approaches. An accurate record of the amount paid for the bridge and its approaches, the expenditures for operating, repairing, and maintaining the same, and of daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 4. The Tidewater Toll Properties (Inc.), its legal representatives, and assigns shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the highway department of the State of Maryland a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the highway department of the State of Maryland shall, at any time within three years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Tidewater Toll Properties (Inc.), its legal representatives and assigns, shall make available all records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all rights, powers, and privileges conferred by this act is hereby granted to the Tidewater Toll Properties (Inc.), its legal representatives and assigns, and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. WALSH of Massachusetts. Mr. President, I have no objection to the Senator's bill, but I do want to take this occasion to state that some general legislation ought to be enacted in reference to bridge bills. Private companies or individuals should not get permission to build a bridge, and to build it within a certain period of time, and then come here and get their franchise extended, and never build the bridge, or in fact even intend to build the bridge. I fear many of the bridge franchises are for trading or profit-making purposes. I have no objection to the bill urged by the Senator from Maryland, for I do not know the facts. My observations have been entirely of a general character.

Mr. TYDINGS. I may say that this company is really going to build a bridge, and is already moving on the ground to do so.

Mr. WALSH of Massachusetts. It is an abuse of legislative power for private companies to get permission to build bridges and never build them, and get their franchises extended from time to time. There ought to be some general legislation on the subject. I repeat, I have no objection to this particular bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

CELEBRATION OF BATTLE OF KINGS MOUNTAIN

Mr. FESS. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably without amendment House Concurrent Resolution No. 21, authorizing the appointment of a joint committee to attend the one hundred and fiftieth anniversary of the Battle of Kings Mountain, in the State of South Carolina.

Mr. BLEASE. Mr. President, I ask for the immediate consideration of the concurrent resolution.

The concurrent resolution (H. Con. Res. 21) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the House of Representatives (the Senate concurring), That a committee consisting of three Members of the Senate to be appointed by the President of the Senate, and three Members of the House of Representatives to be appointed by the Speaker of the House of Representatives, shall represent the Congress of the United States at the celebration to be held at the battle ground of the Battle of Kings Mountain, in the State of South Carolina, on October 7, 1930. The members of such committee shall be paid their actual expenses, one-half out of the contingent fund of the Senate and one-half out of the contingent fund of the House of Representatives.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. WALSH of Massachusetts. Mr. President, representing the minority of the subcommittee having this schedule in charge, I have a few amendments to offer.

The first amendment is to paragraph 1518, page 212. I move to strike out lines 9 to 14, inclusive, and the words "ad valorem" on line 15, and to insert the following:

Feathers and downs, on the skin or otherwise, crude or not dressed, colored, or otherwise advanced in manufacture in any manner, not specially provided for, if compressed to a density of not less than 10 pounds per cubic foot, 11 cents per pound; dressed, colored, or otherwise advanced or manufactured in any manner, compressed or not, 95 cents per pound; quilts of down and other manufactures of down, 60 per cent ad valorem.

Mr. President, this amendment, in brief, changes the ad valorem rate to a specific rate. There is no increase in rate. The specific rates have been worked out by experts of the Tariff Commission, and are said to be in conformity with the ad valorem rates named in the bill as it passed the House and as it was reported by the Finance Committee.

The object of this change is to prevent evasions of the law and prevent undervaluations through fraudulent invoices. It is quite possible, when these feathers and downs are imported into this country in bulk, for those which have been advanced in the process of manufacture to come in under the lower rate given to crude feathers and downs. It is felt by those interested in the domestic industry that a specific duty would prevent undervaluation.

The evasions now practiced are in bringing in higher-grade feathers as lower-grade feathers, because it is so difficult when low-grade feathers are put on the outside to prevent high-grade feathers from being on the inside of the packages or bales. Further evasion is accomplished by putting crude feathers on the outside of the bales and manufactured feathers on the inside.

The compression feature requires reprocessing, whether they come in as crude or with manufactured feathers undisclosed. If feathers are not compressed they must take a higher rate. Crude feathers will have to be compressed in order to get the lower rate. Thus undervaluation would be prevented.

I suggest to the Senator from Utah that he accept this amendment and let the matter go to conference, and see if the claim made by the manufacturers of feathers and downs is not correct, that a specific duty will help to protect the public, protect the industry, and protect the Government against fraud.

Mr. SMOOT. What the Senator wants is a specific duty instead of an ad valorem duty?

Mr. WALSH of Massachusetts. Exactly; but no higher duty.

Mr. SMOOT. As far as the 20 per cent and the 11 cents a pound are concerned, I think those rates are about equivalent to each other. I wish the Senator would report the second part of his amendment again.

Mr. WALSH of Massachusetts. The first provision is 11 cents per pound, and on feathers and downs dressed, colored, or otherwise the rate is 95 cents per pound.

Mr. SMOOT. I do not know about that. I have not the figures as to that.

Mr. WALSH of Massachusetts. I am offering this as the result of a conference with the experts of the Tariff Commis-

sion. I do not favor increasing the duty in any particular. I am seeking only to prevent what appear to be evasions of the present rates.

Mr. SMOOT. I have no objection to the specific rates instead of the ad valorem rates; but if it is found in conference that the 95 cents a pound is higher than the 60 per cent ad valorem, I shall insist that the rate be reduced.

Mr. WALSH of Massachusetts. I should expect that, and I should agree to that.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, on page 219, paragraph 1526, in line 1, I move to strike out "$12" and insert "$10," and in line 2 I move to strike out "$13" and insert "$10," so as to read:

Valued at more than $24 and not more than $30 per dozen, $10 per dozen; valued at more than $30 and not more than $48 per dozen, $10 per dozen.

The amendment deals with hats in chief value of fur of the rabbit, beaver, or other animals. It is the common so-called felt hat popularly worn to-day in the United States. The committee saw fit to increase the protective duty on hats valued at more than $24 and not more than $30 per dozen from the present rate of $10 per dozen to $12 per dozen. This is an equivalent ad valorem rate of 65 per cent. They also increased the duty upon hats valued at more than $30 and not more than $48 to $13 per dozen, the present rate being $10. This is an ad valorem equivalent of 52 per cent. It is my judgment that the increased duties are not necessary. I have included in my amendment only certain-priced hats. I appreciate that the hat industry in general is in a depressed state. I have expressed a good deal of sympathy with the condition of the hat industry throughout the country, but the depression, I am advised, is largely in the portion of the hat industry that makes straw hats, women's hats, and wool-felt hats. We are not dealing with wool-felt hats, the small felt hats that women wear, and which we dealt with on another occasion in another paragraph. We are dealing with the medium and high grade popular fur-felt hat worn by men. That part of the hat industry is not depressed. Only 1 per cent of the consumption of that class of men's hats is imported into this country. Ninety-nine per cent of the consumption is still retained by the domestic hat industry.

I have not been able to reach the conclusion that there is any occasion for an increased duty in these two brackets. In some of the other brackets I have had no objection to the increases recommended by the committee, but it seems to me, these being the popular-priced hats, that a case is not made out for the proposed increase of duty in the bill on the two brackets of the paragraph that I am endeavoring to amend.

Mr. SMOOT. Mr. President, I think the Senator misspoke himself as to the brackets in the present law and the valuations in those brackets. In the act of 1922 hats valued at more than $18 and not more than $24 per dozen carried a rate of $9 per dozen, and valued at more than $24 and not more than $36 carried a rate of $12 per dozen. The House reduced that valuation of $36 to $30 per dozen. That carried $10 per dozen and was raised to $12 per dozen. In other words, the rate on the $36 per dozen hats was $10 per dozen, but when we reduced it to $30 per dozen the rate was made $12 per dozen.

Mr. WALSH of Massachusetts. The exports of men's and boys' hats in 1929 were 31,964 dozen, and imports of men's and boys' hats in 1929, were 32,283 dozen, practically the same exportation of this class of hats as the importations. Last year we imported only 319 dozen more men's and boys' hats than were exported.

Mr. SMOOT. The Senator's amendment only gives $10 on the $48 per dozen hats.

Mr. WALSH of Massachusetts. I seek to restore the present law. The bill contains two brackets where formerly there was only one.

Mr. SMOOT. In the House bill hats valued at not more than $48 per dozen carried $10 per dozen.

Mr. WALSH of Massachusetts. I am not talking about that bracket. I am talking about hats valued at more than $24 and not more than $30.

Mr. SMOOT. The Senator changed that to $10 per dozen.

Mr. WALSH of Massachusetts. I suggest that it go to conference for further study.

Mr. BINGHAM. Mr. President, I hope the amendment will not be agreed to. The manufacturers of hats have been having a very hard time. As was pointed out in the Summary of Tariff Information—

At one time style was an important factor in the domestic industry. Styles were originated by four or five leading manufacturers. Dealers and merchants in placing their orders with other manufacturers would stipulate that the hats be made in accordance with the styles brought out by these leaders. The styles for any season would not be known until the opening dates, at which time models would be displayed for the first time. The other manufacturers would immediately copy these models and begin the manufacture of hats in fulfillment of their orders.

This is particularly the point to which I would like to call attention:

The importer was not in a position to compete successfully with the domestic producer on account of the greater length of time it would take him to make deliveries.

Then the Tariff Commission goes on to state:

Chain stores or hat specialists have brought about a change in this respect. They do not depend upon the leading hat manufacturers for their styles but originate their own. Their orders are placed either with the domestic or foreign producer with whom most satisfactory arrangements can be made.

The result is that they need more protection now than they have been receiving. If the amendment were to prevail, it would hurt an industry that is already having a very difficult time getting along.

Mr. WALSH of Massachusetts. I agree with all the Senator said about certain classes of hats produced by the Hat Institute and its members. I particularly agree with what he said about ladies' felt hats and straw hats, and derby hats, which have gone out of style. But it so happens that on this particular class of hats the imports are as much as the exports. The production has increased 24 per cent in the last few years and that indicates that the industry is particularly prosperous.

After allowing a duty at the 1922 rate and cost of transportation and so forth, and allowing the importer 20 per cent on his sales for overhead and profit, the estimated selling price to the retail merchant in the United States of the 32,283 dozen men's hats imported for the entire year 1929 was $2,233,064. One firm in Philadelphia making men's hats only claims in a trade-paper advertisement that in February, 1929, their one month's shipments to all parts of the world were valued at over $2,500,000. The industry is apparently in no distress and the 1922 tariff seems decidedly ample when one maker in one month sells more hats to his retailers than the entire year's sales of all imported hats.

I call particular attention to the statement I am about to make. John B. Stetson, largest exclusive maker in the United States of good grade men's hats and shipping all over the world, had a business for 1929 which when compared with their business in 1928 shows a 4.2 per cent increase in sales and a 14 per cent increase in profits. The company's net earnings for 1929 after payment of taxes were 10.9 per cent. Their sales in 1922 were $11,865,872 and in 1929 were $15,333,678, a gain of 29 per cent during the life of the 1922 tariff act. I have here the advertisement of the John B. Stetson Co. to which I have just referred, which I ask may be printed in the RECORD.

There being no objection, the advertisement was ordered to be printed in the RECORD, as follows:

THOUSANDS OF DOZEN HATS WILL CONSTITUTE THE FEBRUARY STETSON SHIPMENT—HATS VALUED AT OVER $2,500,000

When the last of the February shipments has cleared from Philadelphia, thousands of dozen Stetsons will have been sent to every corner of the world. England, France, China, Australia, the West Coast of Africa, all will receive their allotment of what is undoubtedly the largest monthly shipment of fine hats the industry has ever witnessed. The total valuation of these Stetsons comes well over $2,500,000.

Each hat was the last word in the hat-making art—as all Stetson hats are bound to be, and each hat was in itself a sufficient reason for the world-wide popularity of the Stetson. For Stetson knows style and quality, and builds them into every Stetson hat.

There is this significance in the February shipment: It represents the conviction of dealers all over the world that the right hat does make a difference—and that when it comes to right hats, your customer can't do better than a Stetson.

JOHN B. STETSON CO., *Philadelphia.*

Mr. SMOOT. I was about to call the Senator's attention to the fact that Stetson is the only concern in the United States that can make any kind of a showing in the manufacture of hats.

Mr. WALSH of Massachusetts. I think the Senator ought to allow this amendment to be acted on favorably, and let the correctness of the claim made as to imports and exports be considered when the amendment is considered in the conference between the two Houses. I want to be absolutely fair to the hat industry and am only seeking to extend what from the facts appears to be fair to the consumers.

Mr. SMOOT. I think the Senator has the rate too low. The domestic production in 1927 amounted in value to $99,299,648. Of this total the production of finished hats amounted to $73,304,477; of hat bodies and hats in the rough for sale as such, $18,870,523; all other products, $7,124,648.

Imports have been constantly increasing under the act of 1922. The volume of imports has advanced from an average of 15,000 to 20,000 dozen a year in 1922 and 1923, while in the calendar year 1927 a total of approximately 94,000 dozen were imported, and in 1928 increased to 127,464 dozen.

Mr. WALSH of Massachusetts. Is the Senator giving the imports of this particular type of hat?

Mr. SMOOT. I am speaking now of the paragraph.

Mr. WALSH of Massachusetts. My information is that there were about 31,000 dozen.

Mr. SMOOT. I have the figures right from the Tariff Commission.

Mr. WALSH of Massachusetts. The Senator is dealing with the whole paragraph and all types of hats.

Mr. SMOOT. Certainly, I am dealing with all of them.

Beginning with the year 1929, imports of men's fur-felt hats and women's and children's were classified separately. The imports for the first five months of 1929—January to May, inclusive—for men showed a quantity of 163,480 hats, valued at $448,141; for women and children a quantity of 168,096 hats, valued at $361,953.

The brief of the Hat Institute states that figures from the United States Bureau of the Census show a gradually declining volume of domestic production; that the decline in the average number of wage earners was from 22,047 in 1904 to 15,927 in 1927.

In comparing wages in the United States and foreign countries, the brief states that a skilled male Italian hat worker would receive about $6.72 in wages for a 48-hour week, as against a basic wage of $1 per hour or $44 a week for 44 hours for skilled American hat makers. In the United States, 1904, 22,047 wage earners received $11,282,000, while in 1927, 15,927 wage earners received $22,887,317.

In other words, while there was a decrease of one-third in the number of wage earners, the wage earners employed received nearly twice the amount of wages which they received in 1904. That shows principal item of cost in producing hats in the United States.

Mr. COPELAND. Mr. President, I made just as good a fight as I had in me when the straw-hat schedule was previously under consideration. I am very much concerned about this industry. We were facetious a little while ago when we talked about the silk-hat industry; but referring to the straw-hat industry, it started in New York; that is where straw hats were first made. We used to control the trade of the world in straw hats. Then, after a time, on the other side of the Atlantic, particularly in Italy, a way was found to make straw hats, and to make them cheaply, to make them out of shavings. The result is that the straw-hat industry in New York is practically bankrupt; at least it is in very serious financial stress. The same thing is true of fur hats and felt hats.

I recognize the importance of having articles which are in common use made as cheaply as possible, but when we come in personal contact with the men and the women who are making such articles and find how the business is declining and how it is likely to become extinct, I feel disturbed.

Mr. WALSH of Massachusetts. Mr. President, as the Senator from New York knows, I have again and again expressed sympathy for the portion of the hat industry that is depressed, and I made no objection to certain increased duties on straw and other men's hats and increased duties on women's felt hats, but this is a branch of the industry that is prosperous. I expect, after the Senator from New York has concluded, to read some figures showing the profits and increase in production of the companies that are producing exclusively men's fur-felt hats and showing that there are practically no imports; that just as many of this particular type of hat are exported as are imported.

Mr. COPELAND. Is the Senator from Massachusetts intending to read the financial reports of some concerns which manufacture other articles than hats? For instance, the Knox Co., which makes these hats, are also making garments and neckties.

Mr. WALSH of Massachusetts. I expect to read figures showing the profits of the hat manufacturers who signed the brief in behalf of the increased duty.

Mr. COPELAND. Are the figures to which the Senator refers segregated? I will yield the floor to the Senator in order that he may read the figures, but I should want to be sure that the figures are segregated as to hats alone, because I could not be very enthusiastic in the belief that the hat branch of the industry is particularly prosperous.

Mr. WALSH of Massachusetts. Mr. President, first of all, as to the Senator's statement relative to imports, I tried to present to the Senate the exact record of imports of this particular type and class of hats. It is true that the imports are not segregated under different types of hats included in this paragraph. These importations include hoods and bodies of women's hats which are imported in very large numbers, as well as this class of men's hats.

These importations for women are due to a temporary fashion trend for small-shaped, close-fitting felt hats. It is reported that the bodies or hoods for such hats were never formerly produced here in large amounts, as there was but little fashion demand. To-day they are imported mostly as the raw material for another group of domestic makers. It would appear as if this group of men's hat manufacturers perhaps unintentionally are using these imports of women's cheap bodies to try to prove a case for higher rates on men's good-grade finished hats. That is the reason, in my judgment, for the difference between the import figures of the Senator from New York and myself.

I will read a record of the profits of some of the companies that signed the brief asking for these increased duties. It is not necessary to give the names. One of the largest hat makers in the United States, making good-grade men's hats exclusively and shipping them all over the world, showed for 1929, compared with 1928, 4.2 per cent increase in sales and 14 per cent increase in profits. Net earnings, after taxes, are 10.9 per cent for 1929.

The sales of this company in 1922 were $11,865,872, and in 1929 they were $15,333,678, being a gain of 29 per cent in sales during the life of the 1922 tariff.

Another company reports for 1929 sales of $11,383,311, compared with $9,345,587, a gain of 21.8 per cent in sales; and earnings, after income taxes, were $502,321.69. Its sales in 1925 were $5,755,865, and in 1929, $11,383,311, being a gain of 97 per cent during the life of the present company.

Another company, located in Greater New York, reports an increase in sales in 1928 over 1927 of $406,411, or 5.1 per cent. The sales in 1922 of this company were $4,359,006.

There is the story. The attempt is made here to increase the duties substantially upon felt hats worn generally by men throughout the whole land. It does not seem to me that there is any justification for this increased duty. I would be very reluctant to move a reduction of these rates if I were not thoroughly convinced that there was no justification for the increases. If by adopting this amendment the Senate makes the rate too low, it can be corrected in conference.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Massachusetts. [Putting the question.] By the sound, the noes seem to have it.

Mr. WALSH of Massachusetts. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. SCHALL (when Mr. SHIPSTEAD'S name was called). My colleague [Mr. SHIPSTEAD] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. SULLIVAN (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. BROCK]. I transfer that pair to the junior Senator from Colorado [Mr. WATERMAN] and will vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Maine [Mr. GOULD] with the Senator from Utah [Mr. KING];

The Senator from Massachusetts [Mr. GILLETT] with the Senator from North Carolina [Mr. SIMMONS]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Wyoming [Mr. KENDRICK].

The result was announced—yeas 42, nays 40, as follows:

YEAS—42

Barkley	Fletcher	La Follette	Steck
Black	Frazier	McKellar	Stephens
Blaine	George	McMaster	Swanson
Blease	Glass	Norbeck	Thomas, Okla.
Borah	Harris	Norris	Tydings
Bratton	Harrison	Nye	Wagner
Brookhart	Hawes	Overman	Walsh, Mass.
Caraway	Hayden	Ransdell	Walsh, Mont.
Connally	Hefiin	Schall	Wheeler
Couzens	Howell	Sheppard	
Dill	Johnson	Smith	

NAYS—40

Allen	Goff	Keyes	Robsion, Ky.
Baird	Goldsborough	McCulloch	Shortridge
Bingham	Greene	McNary	Smoot
Broussard	Grundy	Metcalf	Steiwer
Copeland	Hale	Moses	Sullivan
Cutting	Hastings	Oddie	Thomas, Idaho
Dale	Hatfield	Patterson	Townsend
Deneen	Hebert	Phipps	Vandenberg
Fess	Jones	Pine	Walcott
Glenn	Kean	Robinson, Ind.	Watson

NOT VOTING—14

Ashurst	Gould	Reed	Trammell
Brock	Kendrick	Robinson, Ark.	Waterman
Capper	King	Shipstead	
Gillett	Pittman	Simmons	

So the amendment of Mr. WALSH of Massachusetts was agreed to.

Mr. WALSH of Massachusetts. Mr. President, the next amendment is on page 237, paragraph 1551, photographic dry plates. I move that the numerals "25," on line 21, be struck out and the numerals "15" inserted in place of "25," so as to read:

Photographic dry plates, not specially provided for, 15 per cent ad valorem.

This would result in restoring the present law.

Mr. President, among the photographic plates imported into this country—and there are a considerable number imported—it is a type known as the panchromatic plate, used by photographers, and considered very superior to any such plate produced in America. It sells for two and one-half times the price of the domestic article. It is used, and must be used, by photographers. Increasing this duty from 15 to 25 per cent simply means passing on to the consumers an increased duty of 10 per cent.

This increase, I believe, was made for the benefit of the Eastman Kodak Co. for reasons which it is not necessary now for me to go into. There appears to be a record of a substantial quantity of imports, which is due to the fact that nothing comparable to the foreign product is produced here. It costs two and one-half times as much as the domestic product, and must be used and will be imported no matter what the duty is; of course, the increased duty will be passed on to the public.

That is all I care to say in regard to the matter until the Senator from Utah explains the reason for the Finance Committee's amendment.

Mr. SMOOT. Mr. President, there are but three companies making dry plates in the United States. The total domestic output is not known.

The imports of dry plates have more than doubled in quantity and value since 1925. There were 408,671 dozen dry plates, valued at $227,915, or 55.8 cents per dozen, imported in 1928. Domestic manufacturers testified that the duty of 15 per cent was not adequate. The rate of duty on photographic dry-plate glass, the main raw material of dry plates, was increased in the tariff act of 1922. This glass is largely imported because the quality of the domestic product, it is stated, is not good enough. The Eastman Co. stated that their sales had fallen from 832,000 dozen in 1925 to 561,000 dozen in 1928, while the Hammer Dry Plate Co., of St. Louis, stated that their sales had remained about stationary.

Wholesale prices of domestic plates were stated to be 94 cents per dozen, and the same item of Belgian dry plates was 64.8 cents per dozen. The average import wholesale foreign value was just over 50 cents per dozen for the three years 1926, 1927, and 1928.

From these figures it will be seen that the imports have virtually doubled since 1925. The testimony before the committee seemed to justify the House provision and we made no change in it.

Mr. WALSH of Massachusetts. Mr. President, it is true, as the Senator says, that the imports have increased substantially, from 276,000 dozen in 1923 to 408,000 dozen in 1928; but there also has been an expansion of this industry in the export field. There were 608,000 dozen exported in 1923 and 804,000 dozen exported in 1928.

The Eastman Kodak Co. did show a great reduction in the production of these plates.

But one reason can be offered for this change. Eastman Kodak Co.'s statement that a duty of 25 per cent ad valorem is necessary because their sales have fallen from 832,000 dozen in 1925 to 561,000 dozen in 1928 brought it about. The Cramer Co. and the Hammer Dry Plate Co., both of St. Louis, the only other domestic manufacturers, stated that their sales had remained stationary. The drop in Eastman sales is not at all linked up with the tariff. It is directly due to the decision in 1924 of the Federal Trade Commission directing the Eastman Co. to dispose of several of their popular brands of photographic dry plates. Then, too, Eastman publicly decry use of the plate, and naturally their business has declined.

Any assertion that the foreign photographic dry plate sells for less on the domestic market than the domestic article is fallacious. Single coated 5 by 7 inch plates are selected by importers and manufacturers as the most representative. Under the present law the landed cost of these foreign plates is $0.78 per dozen as compared with the list price quoted by Eastman as 87 cents per dozen. The proposed 25 per cent ad valorem would increase the landed cost to $0.846, sparing importers 2½ cents per dozen to handle and sell the merchandise at a profit in this country.

The imported panchromatic plate sells for two and one-half times as much as the domestic plate with which it competes. Imported plates sell for $6.40 a dozen while the American are $2.80 per dozen. Imported panchromatic plates are exclusively used by the photo-engraving industry because of their superiority. They give the equivalent rendition of color that the eye sees, saving the photo-engraver the time and money necessary to retouch pictures taken on domestic plates. The photo-engravers prefer the foreign panchromatic plates at a higher price than the domestic plate price; and if the proposed duty is accepted, necessitating an even higher price on the foreign panchromatic plate, he would continue to buy them, passing the difference in cost on to the customer.

In my opinion conditions call for an amendment of this paragraph. Photographic dry plates ought not to be dutiable at more than 15 per cent ad valorem.

The issue is a very simple one—the question of whether or not we want to pass on to the consumer this increase.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Massachusetts [Mr. WALSH].

Mr. WALSH of Massachusetts and other Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SULLIVAN (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. BROCK]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. SIMMONS. I transfer my general pair with the senior Senator from Massachusetts [Mr. GILLETT] to the junior Senator from Arkansas [Mr. CARAWAY] and vote "yea."

Mr. JONES. I have a temporary pair with the senior Senator from Virginia [Mr. SWANSON], and in his absence I withhold my vote. I do not know how he would vote on this question.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Pennsylvania [Mr. REED] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Maine [Mr. GOULD] with the Senator from Utah [Mr. KING]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Wyoming [Mr. KENDRICK].

Mr. MOSES (after having voted in the negative). Has the senior Senator from Iowa [Mr. STECK] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. MOSES. I have a general pair with that Senator, and therefore withdraw my vote.

The result was announced—yeas 46, nays 35, as follows:

YEAS—46

Ashurst	Dill	La Follette	Smith
Barkley	Fletcher	McCulloch	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Blaine	George	McMaster	Trammell
Blease	Glass	Norbeck	Tydings
Borah	Harris	Norris	Vandenberg
Bratton	Harrison	Nye	Wagner
Brookhart	Hastings	Overman	Walsh, Mass.
Connally	Hayden	Ransdell	Walsh, Mont.
Copeland	Heflin	Schall	Wheeler
Couzens	Howell	Sheppard	
Cutting	Johnson	Simmons	

NAYS—35

Allen	Goff	Keyes	Shortridge
Baird	Goldsborough	McNary	Smoot
Bingham	Greene	Metcalf	Steiwer
Broussard	Grundy	Oddie	Thomas, Idaho
Capper	Hale	Patterson	Townsend
Dale	Hatfield	Phipps	Walcott
Deneen	Hawes	Pine	Waterman
Fess	Hebert	Robinson, Ind.	Watson
Glenn	Kean	Robsion, Ky.	

NOT VOTING—15

Brock	Jones	Pittman	Steck
Caraway	Kendrick	Reed	Sullivan
Gillett	King	Robinson, Ark.	Swanson
Gould	Moses	Shipstead	

So the amendment of Mr. WALSH of Massachusetts was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I have only one other amendment, a very simple one, on page 236, paragraph 1549, dealing with pencils. In line 19 I move to strike out after the letter "(b)" the words "pencil leads not in wood or other material, 6 cents per gross," and to insert a new definition of pencil leads not in wood, as follows:

(b) Leads for pencils or holders not in wood or other material, including black lead from graphite or of graphite and clay exceeding 0.06 of an inch in diameter, 6 cents.

Mr. President, the reason for this amendment is that leads imported to place in a mechanical pencil, such as the one I hold in my hand, bear a duty under the present law of 6 cents per gross.

When leads of the size of the lead I now hold in my hand are imported, lead such as is used in an artist's pencil, not a mechanical pencil, or used in pencils used for special drawing purposes, they fall in the clause which defines these leads as crayons, and not lead in pencils or in wood.

The purpose of my amendment is to provide that leads of the size of the one I hold in my hand shall bear a duty of 6 cents per gross, which they bore until a decision of the Customs Court declaring this type of lead to be a crayon and subject to a duty of 40 per cent. I assume the Senator from Utah will accept the amendment.

Mr. SMOOT. Mr. President, all the Senator has stated is correct, and the change ought to be made. But I was wondering whether the Senator's amendment went far enough to take care of all of the leads that should be covered. I would like to see the amendment, and then I can tell whether it would or not.

Mr. WALSH of Massachusetts. It takes care of lead such as that I have shown to the Senate, but perhaps it ought to take care of leads of a greater thickness.

Mr. SMOOT. Mr. President, the amendment is acceptable.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I have no further amendments to offer to this schedule, until the bill gets into the Senate. I would like to announce that I expect to offer one or two amendments when the bill is in the Senate.

Mr. BARKLEY. Mr. President, in that connection I wish to state that I shall offer an amendment on photographic and moving-picture films when the bill gets into the Senate.

Mr. GEORGE. Mr. President, I desire to call the attention of the Senator from Utah to paragraph 1504. The Senator will recall that when the bill was being considered for Senate committee amendments the Senate reduced the rate on braids containing any part, however small, of rayon or other synthetic textile from 90 to 45 per cent. That would apply, of course, to the pedaline braids which are made of manila hemp or cellophane, but would not apply to the braids described in paragraph 1504.

The braids covered by paragraph 1504 have heretofore received exactly the same treatment as the pedaline braids, and I think the Senator will recall that at the time mention was made of the fact that an appropriate amendment should be made here.

Mr. SMOOT. I remember that suggestion, and this is the proper time to offer the amendment.

Mr. GEORGE. I suggest, therefore, striking out paragraph 1504, and that the word "ramie" be inserted after the word "bark" in line 20, page 203, and that the same word be inserted after the word "bark" in line 3 on page 204. Then the pedaline and Neora braids would be treated in precisely the same way.

Mr. SMOOT. I did not quite catch the last change suggested. The amendment suggested as to the wording in paragraph 1505 is correct.

Mr. GEORGE. My suggestion was that the word "ramie" be inserted.

Mr. SMOOT. I did not catch what the Senator said as to the last amendment.

Mr. GEORGE. I suggested that the word "ramie" be inserted on page 204, line 3.

Mr. SMOOT. That would come after the words "Cuba bark."

Mr. GEORGE. After the words "Cuba bark" on line 3.

Mr. SMOOT. I did not hear the Senator, but I knew that had to be done.

Mr. GEORGE. I move the amendment suggested—that is, the striking out of paragraph 1504 and the insertion of the words stated.

The VICE PRESIDENT. Is there objection to considering the two amendments en bloc? The Chair hears none. The question is on agreeing to the amendments proposed by the Senator from Georgia.

The amendments were agreed to.

The VICE PRESIDENT. Schedule 15 is still before the Senate as in Committee of the Whole and open to amendment.

Mr. COPELAND. Mr. President, I desire to offer an amendment to the jewelry paragraph, 1527, page 219. I attempted to make an argument the other day that the common jewelry purchased by working girls and people in moderate circumstances should not be required to pay a higher rate than the jewelry worn by their richer sisters who buy gold or platinum.

Mr. SMOOT. We shall have to wait until the bill gets into the Senate before the Senator can offer that amendment. We have already voted on that matter once.

Mr. COPELAND. May I ask the Senator why that is so?

Mr. SMOOT. Because the Senate has already voted on it. Under the unanimous-consent agreement, when the bill gets into the Senate the Senator can offer the same identical amendment or in any way he desires, but under the rule it is not now in order.

Mr. COPELAND. I think doubtless the Senator is right about it, and I will withdraw it. I will offer another amendment.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. On page 267——

Mr. SMOOT. That is the free list, and we have not yet reached it.

Mr. COPELAND. I am proposing to amend the paragraph relating to rubber, 1537 (b). I want to take out of that paragraph rubber material which is used in making the so-called sponge soap dishes, rubber sponge material in block form, and so forth, used in the manufacture of soap dishes and in assorted colors other than orange or red; that is, to take from subparagraph (b) of paragraph 1537 such rubber material as is used to make these soap dishes, and put it in the free list.

Mr. SMOOT. We can not do that now, but I will say to the Senator that there is only one man in the United States who makes these goods and I do not think he needs any assistance. I know of no one but the one man in New York who makes them. As long as he has no competition I do not see why he should have this article on the free list, with the success he is having to-day. If he were making no money, perhaps there would be some necessity for it, but I am quite sure that he is as successful as most manufacturers in the United States.

Mr. COPELAND. And because the man has been successful and has within his reach the possibility of making a sanitary instrument of this sort to be given to the people, then the Senator proposes that he shall be taxed for his ingenuity and ability.

Mr. SMOOT. He started his business under the existing law and has done remarkably well. There is no question about that. I do not see why we should make a change in the existing law for his particular benefit. If he were not successful, it would be a different thing entirely.

Mr. COPELAND. And yet the Senator from Utah is here defending a high rate on sponges.

Mr. SMOOT. This is a sponge material, but it is not a sponge. It is merely a sponge material.

Mr. COPELAND. Yesterday we voted a 40 per cent rate on sponges used by everybody who owns an automobile, every garage man, everyone who has occasion to wash a buggy or a wagon. We put a rate of 40 per cent on sponges, and yet the Senator from Utah complains because one man and a group of employees might be benefited by this rate. He protests such a rate and yet a thousand unnaturalized Greeks down in Florida are going to get a 40 per cent rate on sponges and the Senator finds fault because somebody makes some money out of a sanitary substitute.

Mr. SMOOT. I am not finding any fault with his making money. That is not what I said. I said he is very prosperous. The only question in relation to the sponges in Florida is whether we should consider them now.

Mr. TRAMMELL. Mr. President, I think the situation is a little different with relation to the sponge industry in Florida as compared with the product the Senator is now trying to put on the free list. The sponge industry in Florida at present is not a financial success. While it is being carried on, it is not a success; and I understand the industry which the Senator is representing is a success.

Mr. COPELAND. It is a success, and my desire is to have it so great a success that this sanitary product may be sold as cheaply as possible to everybody in the United States. It has merit besides its sanitary qualities. It is a very good substitute for the sponges produced by a very few noncitizens

down in Florida. I have received this telegram about the sponge business:

We are strongly against any advance in the duty on sponges, for reasons of which we are sure you are already fully cognizant. We consider any advance in duty a gross injustice to the consuming public and one which would do the industry no good, with the exception of perhaps a few Florida speculators, who would promptly take advantage of an increased duty to obtain the higher prices for their stock on hand that an increased duty would enable them to secure. In spite of the fact that we ourselves would profit, we are strongly against any increase. We trust we will have your hearty cooperation and active assistance in combating any increase.

It is a shame to think that we have put a rate of 40 per cent on sponges produced by a few persons who are not American citizens, and yet when we talk about having a little protection for this sanitary production it is objected to by the Senator from Utah, who says that because this man is making money he must not be helped at all; and we might encourage somebody else to make some money. But the Senator from Utah tells me that under the rule I can not go any further anyhow at this time, so I withdraw the amendment.

The VICE PRESIDENT. Are there any further amendments to offer to Schedule 15? If not, Schedule 16, the free list, is before the Senate as in Committee of the Whole and open to amendment.

Mr. WALSH of Massachusetts. Mr. President, unless some one has an amendment to offer at this moment, I feel that I should call for a quorum in order that Senators may be notified that we have reached the free list. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Keyes	Smith
Ashurst	Frazier	La Follette	Smoot
Baird	George	McCulloch	Steiwer
Barkley	Glass	McKellar	Stephens
Bingham	Glenn	McMaster	Sullivan
Black	Goff	McNary	Swanson
Blaine	Goldsborough	Metcalf	Thomas, Idaho
Blease	Greene	Moses	Thomas, Okla.
Borah	Grundy	Norris	Townsend
Bratton	Hale	Nye	Trammell
Brookhart	Harris	Oddie	Tydings
Broussard	Harrison	Overman	Vandenberg
Capper	Hastings	Patterson	Wagner
Caraway	Hatfield	Phipps	Walcott
Connally	Hawes	Pine	Walsh, Mass.
Copeland	Hayden	Ransdell	Walsh, Mont.
Couzens	Hebert	Robinson, Ind.	Waterman
Cutting	Heflin	Robsion, Ky.	Watson
Dale	Howell	Schall	Wheeler
Deneen	Johnson	Sheppard	
Dill	Jones	Shortridge	
Fess	Kean	Simmons	

The PRESIDING OFFICER (Mr. JONES in the chair). Eighty-five Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Indiana obtained the floor.

Mr. SMOOT. Mr. President, I have three amendments that I want to offer at this time putting on the free list items which we have already voted out of the dutiable list. These amendments are necessary in order to carry out the former action of the Senate.

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Utah for that purpose?

Mr. ROBINSON of Indiana. I yield for that purpose.

Mr. SMOOT. I offer first the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 268, line 24, before the period, insert:

Carbonate, calcined, or soda ash, hydrated or sal soda, and monohydrated.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from Utah?

Mr. WALSH of Massachusetts. What is the nature of the amendment?

Mr. SMOOT. The amendment is on page 268. These amendments are merely to make the bill conform to the previous action of the Senate.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 268, line 24, before the period, it is proposed to insert:

Carbonate, calcined, or soda ash, hydrated or sal soda, and monohydrated.

Mr. SMOOT. Mr. President, the Senate voted to eliminate these commodities from paragraph 82, on page 32, and therefore it is necessary to move an amendment placing them on the free list. That is all the amendment provides.

Mr. WALSH of Massachusetts. I have no objection to the amendment.

The PRESIDING OFFICER. Is there objection to the amendment? Without objection, the amendment is agreed to.

Mr. SMOOT. I send another amendment to the desk, and ask that it may be stated.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah will be stated.

The CHIEF CLERK. In paragraph 1633, on page 251, in line 18, it is proposed to strike out after the period following the paragraph number down to and including the word "for" in line 20 and to insert:

Borate of lime, and other borate material, crude and unmanufactured, not specially provided for; borate of soda or borax.

Mr. WALSH of Massachusetts. Is that a new amendment?

Mr. WALSH of Montana. As I understand, this is of the same character of amendment as the one heretofore offered by the Senator from Utah.

Mr. SMOOT. Exactly. This is merely for the purpose of carrying out the action of the Senate heretofore taken.

Mr. WALSH of Montana. Some of the articles having been removed from the dutiable list.

Mr. SMOOT. They were taken out of paragraph 82 by a vote of the Senate, and this amendment is merely to put them on the free list, as the Senate intended should be done.

Mr. WALSH of Montana. I understand that if these articles were not specifically put on the free list they would fall into some basket clause?

Mr. SMOOT. They would fall into some basket clause at 25 per cent.

The PRESIDING OFFICER. Without objection, the amendment proposed by the Senator from Utah is agreed to.

Mr. SMOOT. Mr. President, I offer one more amendment for the same purpose as the amendments I have heretofore offered.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah will be stated.

The CHIEF CLERK. On page 263, line 18, after the word "meal," it is proposed to insert "not specially provided for."

The PRESIDING OFFICER. Is there objection to the amendment? The Chair hears none, and it is agreed to.

Mr. ROBINSON of Indiana. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 259, line 5, after the word "fertilizer," it is proposed to strike out all down to and including the word "paragraph" in line 7 and insert "or the manufacture of fertilizers," so as to read:

PAR. 1685. Guano, basic, slag (ground or unground), manures, and all other substances used chiefly for fertilizers, or the manufacture of fertilizers.

Mr. ROBINSON of Indiana. The purpose of this amendment is, as its reading suggests, to put fertilizers on the free list; that is to say, the ingredients that are used chiefly for fertilizer would come in free, if the amendment were adopted. So far as I know, they are chiefly ammonium sulphate and ammonium phosphate. It was evidently the intention of Congress in framing the act of 1922—the present tariff law—to place practically all fertilizers on the free list; but for some cause or other, a proviso was placed in the bill, reading as follows:

Provided, That no article specified by name in title 1 shall be free of duty under this paragraph.

Otherwise the present law would provide precisely as paragraph 1685 will provide if my amendment shall be agreed to.

The House Ways and Means Committee and the Senate Committee on Finance in framing this bill have transferred urea from the dutiable list to the free list, and the principal items which my amendment, if agreed to, will place on the free list are ammonium sulphate and ammonium phosphate, provided they are used chiefly for fertilizers.

Mr. President, I do not care to take much time on this subject. So far as I know, every single farm organization in the country is in favor of the amendment. I do not desire to make a misstatement of the fact, but at this moment I know of no farm organization that is not in favor of the amendment.

It may be interesting to Members of the Senate to know, if they have not gone into this question, that the farmers' fertilizer bills total over $230,000,000, according to the twenty-fifth census of agriculture, and I suppose in the last year they have been at least that high or even higher. That is practically a quarter of a billion dollars. So the fertilizer bill is one of the tremendous items of expense to the American farmer. This amendment is

in the interest of genuine farm relief, and I hope it may be adopted.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Montana?

Mr. ROBINSON of Indiana. I yield to the Senator from Montana.

Mr. WALSH of Montana. I am in hearty accord with the purpose of the Senator from Indiana in respect to this amendment, but I want to suggest to him that if a particular article is mentioned in title 1 and a specific rate or duty is fixed for that particular article, I should imagine that the specific provision would control over such a general provision as the Senator now offers.

Mr. ROBINSON of Indiana. Mr. President, answering the Senator's question, I understand the courts have passed on that very question time and again and have held that where there arises a question as between a use mentioned and, so to speak, eo nomine, the name itself, the provision as to use always controls.

Mr. GEORGE. Mr. President, I ask that the amendment be again stated.

The PRESIDING OFFICER. Without objection, the clerk will again state the amendment.

The amendment was again stated.

Mr. ROBINSON of Indiana. Mr. President, in further answer to the Senator from Montana, let me say that I took this matter up with the Commissioner of Customs and have a letter signed by F. X. A. Eble, Commissioner of Customs, which is brief and which I will read for the information of the Senate. The writer of the letter says:

> I am in receipt of your letter of October 10, 1929, in which you state that you contemplate introducing an amendment to paragraph 1583 relating to the entry free of duty of fertilizer, as follows:
>
> "Guano, basic slag (ground or unground), manures, and all other substances used chiefly for fertilizers," and you inquire whether under the paragraph as amended all fertilizing substances would be free of duty under paragraph 1583 without mentioning specific commodities which in Schedule 1 are used in part as fertilizers.
>
> In reply I will state that if the paragraph is amended as quoted above any articles or materials which are chiefly used for fertilizing purposes would be free of duty, notwithstanding the same substances might be provided for by name in the dutiable schedule. This opinion is based upon numerous decisions by the courts that a classification of imported merchandise which is based upon use controls over a classification by name.

I may also say that I have a letter on the same subject from the American Farm Bureau Federation quoting decisions and the titles of cases. If the Senator cares to look into the cases cited I will be glad to read from that letter.

Mr. WALSH of Montana. I have no particular interest in it. My suggestion was intended to be helpful. I can not reconcile that view, however, with the general principle of law that a specific provision of law will control over a general one.

Mr. GEORGE and Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield; and, if so, to whom?

Mr. ROBINSON of Indiana. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, on September 30 last, I prepared and had printed an amendment which related entirely to sulphate of ammonia. I reached a conclusion opposite to that of which the Senator has advised the Senate. My amendment proposes to create a new paragraph on the free list and to provide that ammonium sulphate imported to be used as fertilizer or in the manufacture of fertilizer shall be admitted free of duty. That would necessitate another amendment on page 5, line 5, after the word "sulphate," to insert the words "not provided for in paragraph —," designating the new paragraph.

Mr. ROBINSON of Indiana. I am wondering if the Senator is familiar with the case of Magone against Heller, in One hundred and fiftieth United States Reports, 70, which I think is entirely analogous to the very question the Senator raises. That was a case involving sulphate of potash. Sulphate of potash is mentioned by name.

I quote from the authority I have here:

> Sulphate of potash is mentioned by name in a duty tariff, but the court ruled that it was entitled to free entry under a paragraph providing for "substances expressly used for manure."

Mr. SMOOT. That is the case to-day. If the materials were used for fertilizer of any kind they would come in free.

Mr. ROBINSON of Indiana. When they are used chiefly for fertilizers.

Mr. SMOOT. No; not when used chiefly. I will give the Senator some figures as to fertilizer imports if he will yield to me; perhaps the Senate would like to hear them.

Mr. ROBINSON of Indiana. I yield.

Mr. SMOOT. Of all the imports of fertilizer materials, 98.4 per cent, from 1925 to 1928, came in free of duty in the following classifications: Nitrogenous, 73.4 per cent; potash, 20.8 per cent; phosphate and other items, 4.2 per cent, making a total of 98.4 per cent.

The dutiable imports constituted but 1.6 per cent of the total, being made up of ammonium sulphate, 1.5 per cent; and urea, 0.1 per cent.

When used for mixing with fertilizer they come in free under the provisions of paragraph 1583 of the free list; and all other substances used chiefly for fertilizers, not specially provided for, when imported for fertilizer, can be and are imported duty free by mixing them with ingredients used for fertilizer.

Mr. ROBINSON of Indiana. If that is the case, then my amendment would not do any harm.

Mr. SMITH. Let me ask the Senator does he mean to say that the ingredients must be mixed with other fertilizer material before being imported?

Mr. SMOOT. Whenever they are so mixed they come in free.

Mr. ROBINSON of Indiana. My amendment will take care of the situation when they are unmixed.

Mr. SMOOT. The Senator's amendment, in its reference to manufactures of fertilizer, would cover synthetic ammonia; it would cover machines which are used for mixing.

Mr. ROBINSON of Indiana. No.

Mr. SMOOT. That is the construction that would be given it.

Mr. ROBINSON of Indiana. No; it applies only to the ingredients of fertilizers.

Mr. SMOOT. That is not what the Senator's amendment provides. The amendment reads "the manufacture of fertilizers." They can not be manufactured without the machine.

Mr. ROBINSON of Indiana. The amendment reads:

> All other substances used chiefly for fertilizers or the manufacture of fertilizers.

I will say to the Senator that I added that to make certain on the subject. If there is no objection on the part of anybody else who is interested in this matter, I think I should be willing to omit the part of the amendment to which the Senator takes exception, "or the manufacture of fertilizers," so that it would read:

> And all other substances used chiefly for fertilizers.

Mr. SMITH. Mr. President, may I ask the Senator from Indiana a question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. ROBINSON of Indiana. I do.

Mr. SMITH. The manufactured or mixed fertilizers, it seems to me, are amply and very properly taken care of in the terminology used by the Senator, "used chiefly for fertilizers or the manufacture of fertilizers," for this reason: There are ingredients imported, such as nitrate of soda, the nitrogenous form that is used as a fertilizer independent of anything else. There are some forms of German potash imported, such as caney, that is used by itself for fertilizers; but when we want a balanced form of fertilizer——

Mr. SMOOT. All potash is free.

Mr. SMITH. But I am using this just as an illustration.

Mr. SMOOT. But the Senator has referred to these nitrogenous fertilizer materials. They are all free now. I can mention every one of them if the Senator wants me to do so. All that goes into fertilizer in the United States upon which any duty is paid is urea, of which there is one-tenth of 1 per cent, and ammonius sulphate, 1.5 per cent.

Mr. SMITH. I just started to ask about sulphate of ammonia. If it is imported here for fertilizer, is there no duty on it?

Mr. ROBINSON of Indiana. Ammonium sulphate and ammonium phosphate both are imported, and there is a duty on them at the present time; but when they are used chiefly for fertilizer the amendment I propose would remove the duty.

Mr. SMITH. That is right.

Mr. ROBINSON of Indiana. That is the point.

Mr. SMITH. That is exactly the point I am making, because we want our own manufacturers of fertilizer to do the mixing. Under the Senator's interpretation of the law it would have to be mixed elsewhere.

Mr. ROBINSON of Indiana. No; I think not.

Mr. SMITH. Under the Senator's interpretation it would have to be.

Mr. GEORGE. That is the present law. Mixed fertilizers are admitted free. There is no duty upon prepared or mixed fertilizers.

Mr. SMOOT. None whatever.

Mr. SMITH. What I am trying to get at is exactly what the Senator from Indiana wants to do——

Mr. GEORGE. Exactly.

Mr. SMITH. That all ingredients that are brought here for the purpose of mixing here shall come in duty free.

Mr. ROBINSON of Indiana. That is precisely right; and I think the amendment covers it in this language:

> And all other substances used chiefly for fertilizers.

That means that whether they are mixed or unmixed they will come in free of duty if used chiefly for fertilizers. Therefore, I think the amendment is broad enough to admit all such commodities.

Mr. SMITH. It seems to me the words "used chiefly for fertilizers or the manufacture of fertilizers" would be more pertinent than that language.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Georgia?

Mr. ROBINSON of Indiana. I do.

Mr. GEORGE. Aside from the legal question involved—which is a very serious one, and I think the Senator has misapprehended the effect of the decisions, not that they do not exist and seem to point in the direction which he states—but, aside from the legal question, a very practical question is involved when we say "used chiefly for fertilizers." Then we may have the question raised at any time that the import is not used chiefly for fertilizers.

I want to make this statement: I have thought considerably of this very problem. The only chemical that is now used in any considerable quantity for making fertilizer in the United States which is not already duty free is ammonium sulphate. There are others that contain certain amounts of ammonia; but if ammonium sulphate or sulphate of ammonia is admitted duty free, in sympathy the price of the other like chemicals that could be used for the same purpose would necessarily have to follow the price of ammonium sulphate. Inasmuch as even ammonium sulphate is used for some purposes other than fertilizer, it seems to me that the proper amendment is expressly to except ammonium sulphate imported for use in the making of fertilizers, and to add any other particular element or ingredient that the Senator wants to designate; but urea has been put on the free list by the House, and the Senate committee has adhered to it. That carries about 46 per cent, as I recollect—a high percentage—of ammonia.

Mr. SMOOT and Mr. WALSH of Montana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I yield first to the Senator from Utah.

Mr. SMOOT. Mr. President, only 0.1 of 1 per cent of urea is used in fertilizer, and that is on the free list; and everything else that is mixed is on the free list.

Mr. GEORGE. The chief chemical or ingredient now dutiable is sulphate of ammonia. If sulphate of ammonia be put upon the free list, such other chemicals as may be used and are used in making fertilizers would very naturally be controlled by the price of sulphate of ammonia, which is the chief source of our ammonia now.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Montana?

Mr. ROBINSON of Indiana. Just one second, in connection with what the Senator from Georgia has said.

I grant that it would be a question of fact with reference to substances used chiefly in the manufacture of fertilizers; but the interpretation placed upon this proposed amendment by the Commissioner of Customs bears out the contention I have been trying to make here, that all substances—not only that referred to by the Senator but ammonium phosphate as well, and any other ingredient of fertilizers that might later on be suggested, and there is constantly progressive development in this direction—would come in free if it can be shown as a matter of fact that they are used principally or chiefly—that is the language used—for fertilizer.

Mr. SMITH. That is the very trouble with the proposition made by the Senator from Georgia.

Mr. ROBINSON of Indiana. That is the objection I would have to the Senator's amendment.

Mr. SMITH. Because I imagine more ammonia—which is the watery substance of nitrate—is used for other purposes than is used for fertilizer.

Mr. GEORGE. Sulphate of ammonia?

Mr. SMITH. Yes.

Mr. GEORGE. Ninety per cent of that which is made in this country is used for fertilizer.

Mr. ROBINSON of Indiana. I think that is true.

Mr. GEORGE. But somebody has misapprehended my amendment. I am trying to get away from the very thing that the Senator from South Carolina suggests. My amendment reads in this way:

> Ammonium sulphate imported to be used in fertilizers.

I do not interfere with the other uses of it.

Mr. SMITH. Regardless of what other uses may be made of it.

Mr. GEORGE. So far as ammonium sulphate is concerned, it might as well be put upon the free list; but there are other chemicals in paragraph 7 of the chemical schedule that are used for making fertilizers, but to nothing like the extent to which sulphate of ammonia is used.

Mr. ROBINSON of Indiana. I think the amendment that I proposed would include ammonium sulphate, as suggested by the Senator from Georgia; but it is a great deal broader, and would include any other substance if, as a matter of fact, it is used in this country chiefly for fertilizer.

Mr. GEORGE. I should have no objection to it, but I want to make a suggestion to the Senator. There are certain chemicals that may be used chiefly—let us say 51 per cent—in making fertilizer. The Senator's amendment, if it is effective, would put the chemical on the free list for all purposes.

Mr. ROBINSON of Indiana. That is true, Mr. President.

Mr. SMOOT. No; it is not true.

Mr. GEORGE. It might be that that particular chemical was entitled to protection, certainly for the other uses into which it entered.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Montana?

Mr. ROBINSON of Indiana. I yield.

Mr. WALSH of Montana. I was going to say that if this amendment takes the form proposed by the Senator from Indiana, he could "make assurance double sure" by inserting, after the word "and," the words "notwithstanding any other provision of this act," so that it would read:

> Guano, basic slag (ground or unground), manures, and (notwithstanding any other provisions of this act) all other substances used chiefly—

And so forth.

Mr. ROBINSON of Indiana. I am perfectly willing to accept that suggestion.

Mr. WALSH of Montana. Then I have another suggestion to make. In order to obviate the objection raised by the Senator from Utah, I suggest inserting, after the word "or" in his amendment, the words "as an ingredient," so that it would read:

> All other substances used chiefly for fertilizers or as an ingredient in the manufacture of fertilizers.

Mr. ROBINSON of Indiana. I think that would improve the language, and I am willing to accept it.

The VICE PRESIDENT. Does the Senator from Indiana modify his amendment?

Mr. ROBINSON of Indiana. I do.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Yes; I yield.

Mr. SMOOT. I want to say to the Senator that in every tariff bill we try to get away from the use of the words "used chiefly for," because if those words are put in a tariff bill it is necessary to police the importation until it is used for that particular purpose, or find out just exactly where it is used.

That is one very serious objection to using those words in a tariff bill. If they were carried out literally, every pound of the importation would have to be policed and held under control of the Treasury Department until it went into the manufacture of the product. That is why those words are hardly ever used in a tariff bill. Whenever they are used, they are used in regard to a piece of cloth, say, where it is a question of the chief value of that particular cloth; but ammonium sulphate, when imported under this amendment, would have to be followed through until it entered into the fertilizer in order to come in duty free.

Under paragraph 7, sulphate of ammonia is dutiable at 7 cents a pound, I think; and it also says, "Not otherwise provided for." I think the amendment suggested by the Senator

from Montana will cure that, although it is provided for in paragraph 7 where it is used for certain purposes.

I was going to suggest that that would be the result of this amendment; but I think, perhaps, the amendment of the Senator from Montana would take care of that, although it is rather a conflicting provision.

Mr. McKELLAR. It can be fixed in conference.

Mr. SMOOT. I say again that there is no intention whatever on the part of the committee or anyone else but that sulphate of ammonia shall come into this country free of duty for fertilizer purposes. As I stated before, every other ingredient is free, and when this ingredient is shipped in for fertilizer purposes it is free; and there is 1.5 per cent of ammonium sulphate in the fertilizer when manufactured.

Mr. SMITH. Under paragraph 7, the duty on ammonium sulphate is one-fourth of 1 cent per pound.

Mr. SMOOT. Yes; no matter for what purpose it is used.

Mr. SMITH. It is left open.

Mr. SMOOT. Yes. That is what I called attention to. I did not want a conflict there; that is all.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I do.

Mr. FLETCHER. If we put this special provision in here, and provide that notwithstanding any other provisions of this bill this material should be free, it seems to me that would cover the matter.

Mr. ROBINSON of Indiana. I think that would cover it.

Mr. SMITH. I think the language suggested by the Senator from Montana will cure this provision.

Mr. SMOOT. Let me suggest that if this is the sentiment of the Senate, and they want this to go on the free list, it is better to strike it out of paragraph 7 and let it go to the free list. Then we can simply mention the item, there will be no question about it, and we will not have to follow it anywhere else.

Mr. ROBINSON of Indiana. Mr. President, I think the Senator from Georgia has an amendment to suggest along that line. So far as I am concerned, I would be willing to accept the suggestion.

Mr. GEORGE. Mr. President, I agree with the Senator. The amendment I wished to suggest is, at the end of paragraph 7, to add "not provided for in paragraph 1683." But it would be better to strike paragraph 7 out entirely.

Mr. SMOOT. That is very much better. If we are going to do it, let us do it right, so there will be no conflict at all. The only way to do it right is to strike it out of paragraph 7.

Mr. GEORGE. There is a controversy which is now before the court—I am not aware of a decision having been made—raising the question that certain forms of blood and tankage likewise are dutiable. The fertilizer people have contended that those are not dutiable.

Mr. SMOOT. That has been fixed up in the pending bill.

Mr. GEORGE. Paragraph 7, I believe, will cover all the fertilizer material. But the amendment offered by the Senator from Indiana, as perfected, might be inserted, and paragraph 7 in the chemical schedule be stricken out.

Mr. SMITH. Mr. President, I want to ask the Senator from Utah if he meant that blood and tankage are on the free list.

Mr. SMOOT. In paragraph 1780 this language will be found:

> Tankage, fish scrap, fish meal, cod-liver oil cake, and cod-liver oil cake meal, all the foregoing unfit for human consumption.

Urea will be found in paragraph 1794. So sulphate of ammonia is the only thing, and the way to handle it is to put it right on the free list.

Mr. ROBINSON of Indiana. I do not agree that sulphate of ammonia is the only thing. Ammonium phosphate has to be considered to some degree, and there may be others. I do not see how this amendment can do any harm, as perfected by the Senator from Montana, especially, in view of the language to be inserted in paragraph 7, suggested by the Senator from Georgia, assuming the Senate agrees with that.

Mr. SMOOT. The item the Senator has spoken of is included.

Mr. ROBINSON of Indiana. There is some conflict on that, and I think it would do no harm to have this language in.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

Mr. JONES. I would like to have the amendment as modified read.

The VICE PRESIDENT. The amendment as modified will be reported.

The CHIEF CLERK. On page 259, line 3, the amendment as modified will read as follows:

> PAR. 1684. Guano, basic slag (ground or unground), manures, and (notwithstanding any other provision of this act) all other substances used chiefly for fertilizers or as an ingredient in the manufacture of fertilizers.

Mr. JONES. Mr. President, in paragraph 203 there is provided a tariff on lime, limestone, and so on. I understand that lime and limestone are used largely for fertilizer, as well as for other purposes. Is it the intention to put them all on the free list?

Mr. ROBINSON of Indiana. I do not understand that limestone is used chiefly for fertilizer or as an ingredient in the manufacture of fertilizer.

Mr. JONES. I understand it is used very largely. I do not know to what extent. One of the experts who called my attention to the matter said it was used very largely for fertilizer. We certainly do not want that on the free list.

Mr. ROBINSON of Indiana. I may be wrong about it; I do not claim to be an authority on that subject——

Mr. JONES. I do not, either. I am just acting on the advice of one of the experts of the Tariff Commission.

Mr. ROBINSON of Indiana. I understand that it is not used chiefly as fertilizer or as an ingredient of fertilizer.

Mr. SIMMONS. Mr. President, the Senator is right when he says it is not a fertilizer; it has none of the elements that go to make up the food for plants. It is used extensively by farmers, however, for the purpose of removing the acidity in the land, so much so that there is a lime that is called "agricultural lime." That is used on wet and sour lands very extensively. It is used on lands to be planted to certain crops, especially tobacco.

Then there is what is called land plaster, made out of certain rocks. That is used extensively upon peanuts. It is absolutely essential to the making of the nut. Without that they get what they call "pops," the shell without the nut in it. Every man who raises peanuts uses this land plaster, a species of lime. I do not believe there are any farmers in the Southeastern States who do not use agricultural lime to a very large extent, not as a fertilizer but for the improvement of the land.

Mr. ROBINSON of Indiana. I may say to the Senator from North Carolina that I am informed by the Senator from Utah that this substance is on the free list at present, so the amendment would make no change whatever as to that commodity.

Mr. SMOOT. Mr. President, the last amendment suggested by the Senator from Georgia, I think it was, would take synthetic ammonia and put it on the free list. I do not think the Senate wants to do that.

Mr. SMITH. Would take what?

Mr. SMOOT. Synthetic ammonia. That is controlled by the German cartel. It is the key to all the synthetic nitrogen compounds. There is no necessity of putting that on the free list at all. Everything else is on the free list now that goes into fertilizer and nobody objects.

Mr. SMITH. Does the Senator refer to the air nitrates or the nitrates extracted by this process?

Mr. SMOOT. This has nothing to do with that. That is free of duty anyhow. It has always been free of duty.

Mr. SMITH. How is the synthetic ammonia to which he refers produced?

Mr. SMOOT. From the air.

Mr. SMITH. That is what I asked.

Mr. SMOOT. But it is not imported for that purpose. Wherever it is imported for fertilizer, it is free of duty. The broad wording suggested here would upset the basis of the greatest coming industry in the United States.

Mr. SMITH. The Senator means the production of air nitrates?

Mr. SMOOT. Yes; the basis of which is synthetic ammonia.

Mr. NORRIS. Mr. President, following up what the Senator from Utah has said, as I understand the statement, if this ammonia is used for fertilizer purposes, it is free of duty, and if it is used for something else, it is taxable.

Mr. SMOOT. That is correct.

Mr. NORRIS. The trouble has been that most of the Senators who have been debating this matter have been congregating down in front and carrying on a conversation, and the rest of us in our places have not been able to hear more than half of what they have said. As a matter of fact, excepting for difficulties which arise of an administrative nature, there is no reason why, if that is not an insurmountable objection, we should not say in this amendment—and it seems to me it would make it very simple—that everything actually used in fertilizer should be duty free, and if it is used for any other purpose, it would be subject to any other provision there may be in the tariff bill controlling the particular subject.

Mr. SMOOT. I made a general statement in relation to that. If the wording of the tariff bill were exactly as the Senator has suggested, it would be for the officials of the Treasury Department to follow the stuff that comes in to the place of use.

Mr. NORRIS. I think I realize the difficulty, but the Senator will remember that I asked him, when I first rose, whether ammonia used in fertilizer was duty free, and he indicated it was, and whether if used for something else it was taxable, and he indicated it was. If that be true, we have already on the statute books an illustration——

Mr. SMOOT. One is mixed when it comes in duty free.

Mr. NORRIS. Suppose it is mixed?

Mr. SMOOT. Then the officials do not have to follow it up.

Mr. NORRIS. If it is mixed in a fertilizer, it does not come in as ammonia—it comes in as a fertilizer. If the Senator has named the articles correctly, that demonstrates that we already have in the law the very difficulty that is being complained of. If they can protect it in one case, they can certainly protect it in another.

Mr. SMOOT. If it is mixed, it can never be taken out.

Mr. NORRIS. The Senator said nothing about mixed.

Mr. SMOOT. I did.

Mr. NORRIS. I asked the question whether ammonia was on the free list, and the Senator indicated it was if used in fertilizer, but that it was not on the free list if it was used for some other purpose. I am not saying that is accurate—I have my doubts about it—but if it be true, we already have in the administrative features of the law the difficulty complained about, whatever difficulty it may be, and the only difference that is made is the statement in the amendment suggested by the Senator from Indiana, in so many words, that it shall be duty free when used as a fertilizer. That is as far as the amendment is to go. If there is any other provision of the law that taxes the material when it is used for any other purpose, that law will become effective when it does not come in to be used as a fertilizer.

Mr. ROBINSON of Indiana. That is the language of this amendment.

Mr. SMOOT. Mr. President, I want to call the attention of the Senator to every item that is known that goes into fertilizer. I will read everything that has ever been used to go into fertilizer, and then I will see whether it is free of duty or whether it is dutiable under the bill pending before the Senate. The list is as follows:

Fertilizer and fertilizer materials—Act of 1922

	Rate	Paragraph
Nitrogenous fertilizer materials:		
Calcium cyanamide or lime nitrogen	Free	1541
Calcium nitrate (nitrate of lime)	do	1541
Sodium nitrate (nitrate of soda)	do	1667
Guano	do	1583
Dried blood	do	1524
Tankage	do	1583
Sulphate of ammonia (when not used in fertilizer)	¼ cent per pound	[1] 7
Ammonium phosphate	1½ cents per pound	[1] 7
Ammonium sulphate nitrate (Leuna saltpeter)	Free	1583
Other nitrogenous material (including fish scrap, hoof meal, castor-bean pomace, and other).	do	1583
Urea [2]	35 per cent	26
Phosphate fertilizer materials:		
Bone phosphates (bone ash, bone dust, bone meal) and animal carbon for fertilizer.	Free	1526
Phosphate rock, crude	do	1640
Apatite	do	1640
Basic slag	do	1583
Other phosphate materials, crude	do	1640
Potash fertilizer materials:		
Chloride, crude (muriate of potash)	do	1645
Sulphate of potash, crude	do	1645
Kainite	do	1645
Manure salts, double-manure salts, and hard salts.	do	1645
Ashes, wood and beet-root	do	1645
Potash-bearing dusts, used for fertilizers	do	1645
Other potash-bearing substances (alunite, leucite, etc.).	do	1645
Other fertilizers:		
Fertilizer mixtures	do	1583
Other substances used only for manure	do	1583

[1] Products in par. 7, when mixed with another substance imported for fertilizer purposes, free under par. 1583 (act of 1922).
[2] Urea has been transferred to the free list.

Mr. NORRIS. I ask the Senator to read again the statement about phosphate ammonia. When not used as a fertilizer that is not duty free.

Mr. SMOOT. Certainly.

Mr. NORRIS. When it is used as a fertilizer, then it is duty free.

Mr. SMOOT. But the law provides that in order to be duty free, it shall be mixed as a fertilizer.

Mr. NORRIS. When it comes in?

Mr. SMOOT. Yes.

Mr. NORRIS. There is nothing said about it being mixed.

Mr. SMOOT. I am only telling the Senator what it is. Every other item that is used in any way, shape, or form is free of duty. The only question is about sulphate of ammonium, one-fourth of a cent a pound.

Mr. NORRIS. If all these things are on the free list, what is the use of any amendment?

Mr. SMOOT. This is what we could do; on page 5, line 5, to which I have already called attention, strike out "ammonium sulphate, one-fourth of 1 cent per pound." Then there will not be any question about whether it shall be mixed or not.

Mr. NORRIS. Has the Senator any objection to that amendment?

Mr. SMOOT. That is the only way to meet the situation.

Mr. NORRIS. I am trying to find out whether we can do it in that way, and whether there will be any controversy over it. If there is no objection to that, let us do it. The Senator from Indiana, in the list he read, indicated that ammonium sulphate is not on the free list.

Mr. SMOOT. It is dutiable at one-fourth of a cent a pound.

Mr. NORRIS. Let us strike that out and put it on the free list. Would there be any objection to that?

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Connecticut?

Mr. JONES. I yield.

Mr. BINGHAM. In the volume of Tariff Information, which the Senator from Nebraska undoubtedly has on his desk, under the head of "Ammonium sulphate," he will see that the imports have been rapidly increasing notwithstanding the duty, and the exports have been decreasing. The price has been going down and, so far as figures can show any argument, there is no argument for putting it on the free list.

A few years ago, before the last tariff bill was passed, it was on the free list, and the imports were not very great. Then we put a duty on it and within the last three or four years the exports have steadily diminished and the price has gone down. Therefore there would appear to be no reason for putting it on the free list.

Mr. NORRIS. I have not made an argument to put it on the free list. I was inquiring of the Senator whether there would be any objection to putting it on the free list. Is there a good reason why we should have a tariff on it?

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. JONES. I yield.

Mr. SMITH. The Senator from Georgia seems to have made some investigation and claims that 90 per cent of the sulphate of ammonia is used for fertilizer purposes. If that be true, then there would seem to be no reason why it should not go on the free list.

Mr. NORRIS. Neither do I see any reason, if that is true.

Mr. SMITH. We have another nitrogenous element there, phosphate of ammonia, that is dutiable a little higher than the sulphate. I do not think it is used so extensively as the sulphate of ammonia. I know it is produced synthetically as much as the sulphate of ammonia, but I see no reason why sulphate of ammonia should not go on the free list.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. SMOOT. The Senator from Nebraska asked me why it should not be put on the free list. Within the past eight years the American chemical industry has invested more than $50,000,000 in the synthesis of ammonia and derivative products. Moreover, present plans call for an additional investment of $100,000,000 in the next few years. This development has been made by private companies unaided by the granting of subsidies or rebates, as has been the case in many foreign countries.

A recent development of high significance has been the formation of the international nitrogen cartel which comprises an alliance of the German, British, and Chilean producers of nitrogen. This combine controls about three-fourths of the world production of nitrogen and at least one-half of the United States requirements.

The reason why we gave the one-fourth of a cent a pound was to keep these industries here. Sulphate of ammonia is the basis of this great industry. We are doing very well in the United States at the present time. If it were not for the

three-fourths of a cent a pound I have no doubt but that the cartel would immediately begin to attack the manufacturers of ammonia here, because that is the basis of the great chemical industry and if they should undertake to kill it off they would kill off the industry, too.

Mr. SMITH. The Senator must not forget that these processes are patented and can not be used elsewhere except at the will of the owner of the patent or the company to whom the patentee has leased it.

Mr. NORRIS. There are some patents on some of these processes, undoubtedly. For instance, the American Cyanamid Co. controls some of them along that line.

Mr. SMITH. And we have the modified Haber process.

Mr. NORRIS. There is nothing to prohibit the Government going in on a large scale to cheapen the process, and that is one of the things we think we are going to accomplish by the Muscle Shoals legislation. It is a process that has made wonderful development in the last few years. If the Government makes an improvement it will not be patented, but will be free to everyone. That is one of the things we are trying to accomplish.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Alabama?

Mr. JONES. I yield.

Mr. BLACK. Do I understand the argument is made that there should be a tariff on ammonium phosphate?

Mr. SMOOT. There is a tariff now on it.

Mr. BLACK. And that that tariff should remain?

Mr. SMOOT. Certainly.

Mr. JONES. Mr. President, I desire to ask the Senator from Indiana a question. The House has been very careful to protect articles upon which a duty has been placed that might be taken out if they were not expressly reserved and therefore put in the provision "that no article specified by name in Title I shall be free of duty under this paragraph." By the Senator's amendment that phraseology is omitted.

Mr. ROBINSON of Indiana. Yes.

Mr. JONES. That is quite a broad proposition.

Mr. ROBINSON of Indiana. That is true.

Mr. JONES. To take it out it seems to me is very risky. It is likely to do what the Senator and the Senate would not expect to do and would not desire to do. It is now to be stricken out entirely by the Senator's amendment. What I want to ask about especially is with reference to lime. The Senator's amendment, as I understand it, reads as follows:

Guano, basic slag (ground or unground), manures (notwithstanding any other provision of this act), and all other substances used chiefly for fertilizers—

Granting that lime is not used chiefly in the manufacture of of fertilizer, the Senator goes on in his amendment and says—

or as an ingredient—

Not as a chief ingredient, not chiefly as an ingredient, but—

or as an ingredient in the manufacture of fertilizer.

Lime is used in the manufacture of fertilizer. It seems to me the Senator's amendment is broad enough then to take lime from the dutiable list and put it on the free list.

Mr. SMITH. Lime is never used in the manufacture of fertilizer except in one instance that I know of, and that is in cyanamide.

Mr. JONES. There is limestone also in the same paragraph in which lime is mentioned. There is lime and limestone, too. The expert tells me that limestone is used in the manufacture of fertilizers.

Mr. SMITH. But it is not a fertilizer.

Mr. JONES. It is used in the manufacture of fertilizer.

Mr. SMITH. I have never known it to be so used. Everyone knows that lime coming in contact with ammonia makes an impossible combination to be handled.

Mr. JONES. It would be used as fertilizer or in the manufacture of fertilizer if pulverized. The Senator from Utah says it is the raw material for cyanamide.

Mr. SMITH. That is the only place I ever knew it to be used.

Mr. ROBINSON of Indiana. Mr. President, answering the Senator's question, I have no objection to using the word "chiefly" the second time—"chiefly as an ingredient." I think that would take care of the Senator's objection with reference to lime and limestone.

Mr. JONES. I am inclined to think so.

Mr. ROBINSON of Indiana. It would be entirely agreeable to add that word. I have no desire whatever, I will say to the Senator from Washington, to place articles on the free list in this connection unless they are used chiefly for fertilizer. That is the only object I have in view and the only interest I have in the amendment.

Mr. JONES. I think that would take care of it.

Mr. ROBINSON of Indiana. I am very glad to modify my amendment in that way.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Indiana as modified.

Mr. BINGHAM. Mr. President, I would like to ask the Senator from Indiana a question. Can the Senator give us any special reason why the provision in paragraph 7, Schedule I, where we agreed to continue the present law with regard to the duty on ammonium phosphate and ammonium sulphate, should be done away with?

Mr. ROBINSON of Indiana. I do not see that the amendment would do away with any of the items in that paragraph unless the substances are used chiefly for fertilizer. If they are, then it will lessen the weight of trouble for the American farmer, who is now spending, according to the figures I have at hand, approximately $250,000,000 this year for fertilizer. This is quite an item of farm relief as I view it.

Mr. BINGHAM. But there appears to be no doubt that 95 per cent of the ammonium sulphate is used for fertilizer, so that certainly is one of the things that is affected by the amendment.

Mr. ROBINSON of Indiana. Exactly, and if 95 per cent of the ammonium sulphate is used for fertilizer, then, in my judgment, it ought to come in free, because no one whatever buys it to speak of except the American farmer.

Mr. BINGHAM. The question in the long run is whether that is going to make it cost the farmer less or cost the farmer more. On the face of it, it will make it cost the farmer less, and therefore a good many Senators are going to vote for it. But if we look in this marvelous Summary of Tariff Information, on page 66, we find that when ammonium sulphate was on the free list the price per unit of quantity was $133 in 1919, $124 in 1920, $55 in 1921; but after several years, having put a small duty on it so as to help the American manufacturer of it, the price in 1928 had gone down to $41. If we apparently favor the farmer by taking off this quarter of a cent a pound duty to allow the foreigner to have the entire market for it, it is probable that the price will go back to $55 where it was before the last tariff law was enacted, instead of going steadily down under the tariff as the figures show it has been going down every year since the last tariff bill was passed.

Mr. NORRIS. Mr. President, I think I can assure the Senator from Connecticut, and any other Senator, that the small tariff levied had little if any effect upon the reduction in price. During the years about which the Senator from Connecticut speaks, there have been the most wonderful developments in the process of extracting nitrogen from the atmosphere. New processes have been developed. The cost has been continually cut down. Before the war there was not in the United States a synthetic method of getting nitrogen from the air. We had at first what is known as the arc process, a process that required an immense amount of power, and about the only place in the world where it could be used in any economical way was in Norway, where they have water power which costs $6 or less per year per horsepower, a wonderfully cheap power. If anyone had any demand for power, he could sell it for some other purposes, and then it would not be used for that purpose.

Then the cyanamide process was invented. The great nitrate plant No. 2 at Muscle Shoals was built for the purpose of extracting nitrogen from the air by the cyanamide process. At the time it was built it was an up-to-date plant, probably as efficient and as modern as any plant in the world; in fact, it was perhaps the best in the world. That plant is out of date now. We thought at that time we could use the cyanamide process. We knew the Germans were using it, and we built nitrate plant No. 1 as a sort of a very large experimental plant. It was a failure because our scientific men did not know how to operate it, and it never produced a pound of nitrogen from the atmosphere.

Mr. BINGHAM. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. NORRIS. I will yield in just a moment.

When the World War ended we sent our chemists to Germany and then development commenced in this country. A plant was constructed at Syracuse, N. Y.; one was constructed near Charleston, W. Va.; and another at Hopewell, Va. The last two are only units which are capable of being expanded to almost an unlimited degree. Every such plant has been better than the preceding one, and every one has cheapened the cost of the product.

I think it is fair to say that the cheapening of the cost of the product has resulted from the studies and researches of chemists. What has been going on in the United States has also been going on elsewhere in the world. Italy, Great Britain, Germany, and France have all expanded the industry along the line of a modification of what was originally known as the Haber process until the word "synthetic" now more nearly describes the process. The expense also has been less and less until to-day a scientific man seeking to locate a plant for the manufacture of nitrogen from the air would pay no attention to water power. Originally, cheap water power was essential.

Now the only thing for which water power is used is to operate the machinery, and such plants are located where cheap coke may be obtained. That is true everywhere in the world, and changes are taking place every year. I myself believe the changes that have taken place account for the reduction in the cost of the product. Nitrogen may now be obtained from the air for less than one-half what it cost before the World War, before these improvements had been made. Furthermore, the investment necessary has been lessened. The industry has reached a point where a practical plant may be constructed for less than a third of what it once cost, and the improvement is going on and on.

The production of nitrogen is most important from the standpoint of agriculture. Nitrogen is a necessary ingredient in the manufacture of fertilizer; it is not the only thing to be taken into consideration, but it is of the utmost importance, and whenever its cost of production is cheapened, the production of fertilizer is thereby lessened.

I may be wrong, and I would not do an injustice to any industry, but I doubt whether a tariff is necessary. I think we have to-day as modern plants in the United States as there are anywhere in the world. Now I yield to the Senator from Connecticut if he desires to ask me a question.

Mr. BINGHAM. I thought the Senator from Nebraska had concluded.

Mr. NORRIS. I have done so; but the Senator, I understood, desired to ask me a question a while ago. If he still desires to do so, I will answer his question if I can.

Mr. BINGHAM. I will take the floor in my own right as soon as the Senator shall have concluded.

Mr. NORRIS. I yield the floor.

Mr. BINGHAM. Mr. President, I desire to say in answer to what the Senator from Nebraska has just said about the new process of extracting nitrogen from the atmosphere, that that has to do with an entirely different product, namely, ammonium nitrate. We have been talking about ammonium sulphate. The figures which I gave to the Senate related to ammonium sulphate and not to ammonium nitrate, and had nothing to do with nitrogen. The Summary of Tariff Information tells us that—

> Although there is a large production of synthetic ammonia in the United States it is not yet converted into ammonium sulphate. In 1925, 98 per cent of the domestic production was from by-product ovens, 1½ per cent from chemical industries and one-half per cent from gas works. A recent development in Germany of importance in reducing the cost of ammonium sulphate is the use of calcium-sulphate instead of sulphuric acid as a source of sulphate.

Practically all of the Senator's remarks referred to the cheapening of the cost of producing nitrate and not sulphate and the figures I was giving the Senate were with regard to ammonium sulphate.

As I have said, in view of the fact that ammonium sulphate is being produced more cheaply every year, that the imports are increasing under the existing duty, and the exports are diminishing, it seems to me there is no argument which can be urged in favor of trying further to destroy an industry which is suffering under the tariff as it is at present.

Mr. NORRIS. Mr. President, there is no disposition on the part of anybody, so far as I know, to injure any industry; but nitrogen is one of the three necessary ingredients of every well-balanced fertilizer. Everywhere in the world nitrogen is a necessary food for plants; and nitrogen, potash, and phosphate combined make fertilizer.

I may be wrong about it—it has been long since we have had hearings—but sulphate of ammonia is principally the product of the coke-oven industry, is it not?

Mr. SMOOT. That is right.

Mr. BLACK. Mr. President, I would not take the floor on this question except to make one statement with respect to calcium cyanamids and with respect to the nitrate plant at Muscle Shoals. While it is true that the plant in its present condition would need some slight improvement, the plant is not obsolete in so far as manufacturing cyanamide on a paying basis is concerned.

As a matter of fact, calcium cyanamide of exactly the same kind which could have been manufactured at Muscle Shoals has been imported into this country in huge quantities to be used for fertilizer purposes. For instance, in 1928 there were shipped into this country 135,727 long tons of calcium cyanamide of exactly the same type we would make if we were operating the plant at Muscle Shoals. The imports had a value of $4,685,101, and the imported material was sold at a foreign price of $34.50 per ton. In 1927 there were shipped into this country only 109,330 tons.

I am bringing out these facts simply for the purpose of making it clear, since the question has come up, that the plant at Muscle Shoals, which is idle, but which we hope to put to work as soon as the tariff bill has been completed and we can consider and pass a bill relating to Muscle Shoals, is exactly the same kind of plant which was used in the production of the 135,000 tons of cyanamide which were shipped into this country last year. That cyanamide was manufactured on a profitable basis in competition with every other method of nitrogen fixation in the world. The company which produces it here has grown by leaps and bounds. According to the information given me by Mr. Holland, who recently visited the Cyanamid Co.'s offices in New York, they occupy 21 floors in a large office building, and their profits have come from the manufacture of calcium cyanamide produced by exactly the same method which we hope to put into operation at Muscle Shoals.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BLACK. I yield.

Mr. NORRIS. What was this huge importation of cyanamide used for?

Mr. BLACK. It was used for fertilizer.

Mr. NORRIS. Not entirely, was it?

Mr. BLACK. It went to the fertilizer factories and they ground it up and mixed it with other fertilizer ingredients. That was the use to which it was put, and that is the reason it came in free, as it did come in free. That is the article which we want to produce when we start to operate Muscle Shoals. We want to manufacture it there so that the farmer will get the benefit of it under a measure which we hope to enact into law.

Mr. NORRIS. Mr. President, I do not want to let the matter go by without saying a word further, although probably it has nothing to do with the question before us, but I say it because of what the Senator from Alabama has said. He is of the opinion that all we have to do at Muscle Shoals is to start nitrate plant No. 2 going and make fertilizer. As a matter of fact, for purposes of fertilizer, I think practically the unanimous opinion of the scientific world is that the cyanamide process is obsolete. I do not have the figures here, but I have them in my office in relation to Muscle Shoals and will produce them when the question of Muscle Shoals shall again come before the Senate; but the synthetic process of extracting ammonia and nitrogen from the air has grown by leaps and bounds not only in this country but in every other country. Of course, fertilizer can be made by the other process; and the plant at Muscle Shoals can be operated to make fertilizer, but it can not be made in competition with the newer methods of extracting nitrogen from the air.

Mr. BLACK. Mr. President, I do not want to get in any argument on another question at this time, but, as a matter of fact, it is operating in competition with every other method in the world. It is operating in Germany and it is operating in competition here. To show the Senator what is being done, let me say that phosphate rocks are shipped from Florida to Germany; they are then ground and mixed with nitrogen fixed from the air by the cyanamide process, and are then exported to America; that is, a part of it is mixed with the nitrogen extracted by the cyanamide process. Yet the National Fertilizer Association has sought a tariff on the finished product, claiming that in this country it will cost from 22 to 25 per cent more to manufacture it than it does in Germany. I am glad to say that the committee voted against any tariff on that product. However, I simply rose to correct what I thought was the idea the Senate might be led to entertain that the cyanamide process is not operating. On the contrary, it is operating successfully, and we are shipping the product in here; as I have shown, we shipped 135,000 tons in last year, and it was sold to and used by the farmers of America.

Mr. SMOOT obtained the floor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. NORRIS. I merely wish to put some figures in the RECORD. I have some figures obtained just a few moments ago and I want to show to the Senator from Alabama the percentages of nitrogen production according to an analysis of world production in the calendar years 1913, 1918, and 1928, by metric tons. The percentage by the cyanamide process was 12.2; the percentage by the arc process, which is older than the cyanamide process, was 1.6, and the arc process used to be the only process; the percentage by the synthetic process, which is the newest process, which has developed from nothing since the war, was 37.2 per cent. That is the world production according to this table. The percentage of Chilean nitrates was 27 per cent; so that the percentage of synthetic nitrogen was more than three times the percentage of the cyanamide process, although the synthetic process has developed from nothing within the past 10 or 15 years. As this table shows and as the scientific world knows, it is displacing the other processes. It has not got them all displaced yet, but in time I think it will.

For instance, the cyanamide process or the arc process in 1928 produced only 1.6 per cent of the world's product. As a matter of fact, there was a time when that process had practically 100 per cent of the world's product. Several years ago, quite a while before the war, the cyanamide process produced above 50 per cent of the whole. It has been going down ever since and the other process has been coming up.

So that is the trend of the scientific world now, although all processes are used, and under some conditions even the arc process can be used profitably now, if they have cheap enough power.

Mr. SMOOT. Mr. President, I desire to say that the committee wanted to put fertilizer on the free list in every possible way, and I think we have accomplished it. I am not going to object to the amendment; but, this being a product that the farmer uses all the time, I can not quite understand why the States should impose a tax upon it.

For instance, Alabama has a tax of 30 cents per ton on it.

Delaware has a tax of 10 cents per ton.

Florida has a tax of 25 cents for each ton offered for sale.

Illinois has a tax of 50 cents per hundred tags, to be used on 100 pounds or less in a sack.

Indiana has a tax of $1 a hundred on it.

Kansas has a tax of 20 cents per ton.

Kentucky has a tax of 50 cents per label of 100 pounds.

Mr. GEORGE. Mr. President, if the Senator will pardon me, that is a tax imposed by practically all of the States because it is necessary for the States to inspect the fertilizers to see that they do come up to the analysis at which they are sold. The State has a system of inspection, and this tax is imposed, at least in theory, for the purpose of bearing the expense of the inspection. It is not intended as a source of revenue to the State generally, but merely to defray the expense of the inspection; and I will say to the Senator that it is absolutely necessary to maintain a rigid inspection of the fertilizer unless we expect the people to be pretty badly imposed upon.

Mr. SMOOT. Oh, I recognize that.

Mr. GEORGE. That is the reason why this tax is imposed.

Mr. SMOOT. Of course we do not put an inspection tax upon other products.

Mr. GEORGE. Perhaps there ought not to be such a tax; I agree with the Senator, but generally speaking the States are pretty hard pressed and their sources of revenue are not so ample as the Federal sources.

Mr. SMOOT. Kentucky has a label tax of 50 cents a ton.

Massachusetts has a tax of 6 cents a ton.

Mississippi has a tax of 20 cents a ton.

Missouri has a tax of 1½ cents per label of 100 pounds or less.

Porto Rico has a tax of 20 cents a ton.

And so forth.

Mr. GEORGE. Mr. President, just a word upon this subject. I shall, of course, support the amendment offered by the Senator from Indiana [Mr. ROBINSON], which is broader than the amendment which I offered. I am convinced, however, that when the present provisions of the tariff are considered the only important fertilizer material or substance used for making fertilizer not on the free list is sulphate of ammonia.

I wish to say to the Senator from Connecticut that sulphate of ammonia is a coke-oven by-product. It is a by-product from the coking of coal in the gas and steel industry. It unquestionably is true that the ammonia must be removed or eliminated from the gas. I wish to read a sentence or so, without delaying the vote, from a responsible authority.

In speaking before the Conference on Mineral Raw Materials for the Fertilizer Industry, held at the Institute of Politics at Williams College, Massachusetts, in 1926, Mr. Ramsburg, the vice president of the Koppers Co., of Pittsburgh, in whose coke ovens about 90 per cent of the sulphate of ammonia made in the United States is produced, stated:

> The United States is now producing a surplus above consumption of ammonium sulphate, and this product is being obtained at plants on which the capital charges have already been realized.
>
> Ammonia produced in the by-product coke ovens has a fuel value, if left in the gas and burned in the average steel-plant practice, of approximately one-third of a cent a pound, but the products of its combustion are noxious and its corrosive action on valves and appliances is so great as to more than offset its fuel value. It follows that ammonia will invariably be removed from the gas.
>
> The cost of producing sulphate of ammonia is threefold: (1) Capital cost of apparatus; (2) labor, steam, and sulphuric acid; and (3) maintenance and repair. An analysis of the cost of production of sulphate in existing plants indicates that by-product ammonium sulphate will continue to be produced in undiminished quantity so long as its selling price at the plant does not fall far below the direct cost of its production. The lowering of its price below this cost will increase the cost of coke and consequently of steel.

Sulphate of ammonia is purely a by-product. It is produced only in those plants in which the capital charges have already been realized, according to the spokesman of the company in whose coke ovens about 90 per cent of the sulphate of ammonia made in the United States is produced.

Mr. President, sulphate of ammonia is the chief source of nitrogen in fertilizers made in the United States; but it is important not only in that aspect of the question but because it is the direct competitor of nitrate of soda. Nitrate of soda, of course, is a nitrogen carrier, and comes from Chile. The Chilean Government has an absolute monopoly. In order to get it out of Chile we have to pay an export tax of around $12.52 a ton at the present time.

The chief competitor of Chilean nitrate is sulphate of ammonia. Therefore, the price of sulphate of ammonia probably has some influence upon the price of Chilean nitrates; and, together, nitrate of soda or Chilean nitrate and sulphate of ammonia constitute practically the entire source from which we derive the nitrogen used in the making of commercial fertilizer.

It is true, as the Senator from Connecticut points out, that the price of sulphate of ammonia has gone down; the price of nitrate of soda has gone down; but I direct the Senator's attention to this fact:

As late as 1913 the United States produced only 149,000 tons of sulphate of ammonia. In 1928 we produced 788,000 tons of sulphate of ammonia. The Senator from Nebraska well points out that a discovery made and now utilized in Germany is the direct cause, perhaps, of the great decline in the price of nitrogen, and therefore of nitrate of soda, which is a carrier of nitrogen and is competitive with sulphate of ammonia.

Mr. President, it is true that we import some of our ammonium sulphate. We also export some; but this is a fact, and it is a fact that can be verified:

Our production of ammonium sulphate is fairly regular during the year; but our consumption of ammonium sulphate in fertilizer takes place principally during two or three or four months of the year. As the Senator from South Carolina [Mr. SMITH] well knows, and other Senators, the farmers of the South purchase the bulk of their fertilizer during February, March, and April; so frequently the demand is so great, either for nitrate of soda or ammonium sulphate in the spring of each year, as to run the price up, notwithstanding the fact that we are exporting some of it, although we are also importing; and it will be found that each year we do import.

In 1928, for instance, we imported more than 40,000 tons of sulphate of ammonia or ammonium sulphate; and that came in over the bar of $5.60 per long ton. Moreover—and this is the important fact—the distribution of sulphate of ammonia or synthetic sulphate of ammonia—produced in Germany, but not in the United States in any appreciable quantity—is controlled; one concern controls distribution in the United States. Ammonia is used in all balanced fertilizers, and constitutes the most expensive element in the fertilizer.

Hence, the importance of placing sulphate of ammonia upon the free list when imported for fertilizer purposes is at once apparent.

I am glad to vote for the Senator's amendment, because it is all inclusive; but the one important element in commercial fertilizers not now on the free list is sulphate of ammonia.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Indiana [Mr. ROBINSON], as modified.

The amendment, as modified, was agreed to.

Mr. SMOOT. Mr. President, I send to the desk an amendment which is made necessary by action already taken by the Senate.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 244, line 2, after the word "carts," it is proposed to insert the words "milk cans."

Mr. SMOOT. This is to conform to the action taken by the Senate when paragraph 387, page 113, was under discussion.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I have here an amendment which I think can be disposed of in a minute. I do not think there will be any objection to it.

On page 249, line 5, paragraph 1618, after the word "bananas," I move to insert the words "and plantains." The plantain is a species of banana, of a coarser kind; but it is used for food just as bananas are used, under the same circumstances.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I think it would be enlightening to those who desire to study the subject further to put into the RECORD a table that I have obtained since the discussion took place a short time ago on the different methods of producing nitrogen.

The first table shows the world production of nitrogen by years for the year 1913, the year 1918, and the year 1928. It shows that the by-product coke-oven production was 280,900 tons in 1913, and it had increased to 400,000 tons in 1928.

The production under the cyanamide process was 32,600 tons in 1913, and it had increased to 221,000 tons in 1928.

The production under the arc process in 1913 was 15,000 tons, which was increased to 30,000 tons in 1928.

The production under the synthetic process in 1913 was 7,000 tons. Senators will observe that that was the smallest of any in 1913; in fact it was in its infancy; but in 1928 the production had increased to 675,000 tons, a greater increase than the increases in production by all other methods combined.

The production of Chilean nitrate in 1913 was 430,000 tons, and 490,000 tons in 1928.

There was a total world production of all kinds in 1928 of 1,816,000 tons. That many long tons of nitrogen were produced in 1928.

The next table is a recapitulation of the same thing, but it is confined entirely to the year 1928 and shows the production by countries. For instance, in 1928 Germany produced 94,000 tons through by-product processes; they produced by the cyanamide process 88,000 tons. They did not produce anything by the arc process, but by the synthetic process Germany produced 486,000 tons as against 88,000 by the synthetic process.

Then comes the United States. In 1913 there were produced through the by-product processes 145,500 tons, none was produced by the cyanamide process, none by the arc process, 24,000 tons by the synthetic process, or a total of 169,500 tons.

In 1928 England produced 90,000 tons through by-product processes, 50,000 tons by the synthetic process, a total of 140,000 tons.

In the entire year, for all the countries of the world, there were produced 400,000 tons by the synthetic process, 30,000 tons by the arc process, and 675,000 tons by the synthetic process.

A note at the bottom of the table states:

> Within the past eight years the American chemical industry has invested more than $50,000,000 in the synthesis of ammonia and derivative products. Moreover, present plans call for an additional investment of $100,000,000, in the next few years.

A while ago I called attention to the plants near Charleston, W. Va., and Hopewell, Va., built in units, capable of almost indefinite expansion, and I understand they are to be expanded in the immediate future to a very great extent, more than doubling their present capacity.

Mr. President, I do not care to have printed any of the comments from these tables, but I ask unanimous consent to have printed in the RECORD these two tables.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 4.—*Nitrogen: Analysis of world production in calendar years 1913, 1918, and 1928*

(Metric tons of nitrogen)

	1913	Per cent	1918	Per cent	1928	Per cent
By-product	280,900	36.7	343,000	28.3	400,000	22.0
Cyanamide	32,600	4.3	180,000	14.9	221,000	12.2
Arc	15,000	2.0	30,000	2.5	30,000	1.6
Synthetic NH_3	7,000	.9	215,000	17.7	675,000	37.2
Chilean nitrate	430,000	56.1	444,000	36.6	490,000	27.0
Total inorganic nitrogen	765,500	100.0	1,212,000	100.0	1,816,000	100.0

Table 5 shows the world production of inorganic nitrogen in 1928 by countries as well as processes.

TABLE 5.—*Nitrogen: World production in 1928*

(Metric tons of nitrogen)

	By-product processes	Cyanamide process	Arc process	Synthetic ammonia	Total
Germany	94,000	88,000		486,000	668,000
United States	145,500			24,000	169,500
England	90,000			50,000	140,000
France	20,000	15,000		40,000	75,000
Italy	3,500	10,000		30,000	43,500
Norway		10,000	30,000		40,000
Canada	5,000	33,000			38,000
Japan	10,000	20,000		30,000	60,000
Chile					490,000
All other countries	32,000	45,000		15,000	92,000
Total	400,000	221,000	30,000	675,000	1,816,000

Mr. BINGHAM. Mr. President, I would like to move an amendment on page 253, paragraph 1649, in the rate on citrons and citron peel, crude, dried, or in brine.

Under the present tariff law citron and citron peel, crude, dried, or in brine, are dutiable at 2 cents per pound. There is a little of this raised in Florida, a little in California, but a very great deal in Porto Rico. In fact, the tree on which these citrons grow makes one of the best shelters for the coffee plantations.

Placing these articles on the free list, as has been done in the bill as it passed the House, means a very severe blow at Porto Rico at a time when they are suffering very greatly, so greatly that the terms can not really be measured, from the effects of the disastrous hurricane of two years ago.

I hope there will be no serious objection to restoring this item to the place where it is under the present law, and I should like to move that paragraph 1649 be stricken from the free list, and that there be inserted on page 135, line 17, after the word "peel" the words "crude, dried, or in brine, 2 cents per pound."

Mr. SMOOT. Mr. President, I do not think there is any importation of citron or citron peel from Porto Rico. Those things do not come into this country.

Mr. BINGHAM. I have a large number of letters, unfortunately in Spanish, from Porto Rico, from people engaged in raising these products, who have assured the Porto Rican Delegate and have assured me that putting these products on the free list would bring disaster to their business at a time when they are struggling very hard to keep their heads above water.

Mr. SMOOT. None of these articles are shipped into the United States, so far as we have any record. I asked the men from the Treasury Department, and they do not know of any coming into the United States.

Mr. BINGHAM. Does the Senator know of any reason why these products should be put on the free list?

Mr. SMOOT. For the reason I have stated, that there is no production to speak of in the United States and no importations into the United States.

Mr. BINGHAM. Does not the Senator think that if we accept what the House has done and take off the present duty of 2 cents a pound it is likely to cause importations, whereas at the present time the amount of citron that is used in confectionery and for other purposes is largely grown in California or in Porto Rico?

Mr. SMOOT. I can not see that it would assist Porto Rico in any way, unless by putting a duty on them we should keep them from coming in from any other country. They do not ship us a pound now, not 1 pound. Our idea was that, not hav-

ing any importations from Porto Rico or any domestic production to speak of, the thing to do would be to put these things on the free list, and that is why we did it.

Mr. BINGHAM. Will not the Senator permit it to go to conference, in order that the figures may be obtained on it?

Mr. SMOOT. If we do that, then we shall have to adjust other rates, all the candy rates, and the rates on all the things into which these products go.

Mr. BINGHAM. No, Mr. President, it can be left just as it is in the present law. The only change made from the present law on citron and citron peel was to take the crude citron peel out of the protected class and put it on the free list.

Mr. SMOOT. I have no objection to it going to conference.

Mr. BINGHAM. If the Senator will let it go to conference, then the Delegate from Porto Rico, who is very familiar with the figures, can present the reasons why the duty should not be removed.

Mr. SMOOT. In paragraph 739, line 19, we would have to raise the 6 cents to 8 cents.

Mr. McKELLAR. Mr. President, I can not hear the Senator. Will he tell us again what we would have to do?

Mr. SMOOT. The Senator from Connecticut asks that citron and citron peel be taken from the free list and put on the dutiable list at 2 cents a pound. If that is done, then we will have to return to page 135 of the bill, paragraph 739, where citrons and citron peel carry a duty of 6 cents a pound. That is based upon free citron peel. If we put a duty upon it we will have to make that differential of 2 cents.

Mr. WALSH of Massachusetts. Mr. President, there are exceedingly few products in this bill which have been put on the free list. The Ways and Means Committee of the House, which everybody recognizes as controlled by a majority of strong protectionists, and the Finance Committee, likewise organized with a majority of protectionists, both agreed that this product should go upon the free list.

The Tariff Commission states that this citron is not produced in the United States, but comes from the Island of Corsica, where there are produced about five to six million pounds of citron in brine annually. This is edible, used in cakes and candies and as a spice. I do not believe there is any sound reason advanced for setting aside the few sound judgments made by the Ways and Means Committee and the Finance Committee, one of which was the putting of this edible fruit and peel upon the free list. I hope the amendment will not prevail.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. JONES obtained the floor.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. JONES. I will yield to the Senator with the understanding that I may have the floor on the convening of the Senate to-morrow. I expect to take up the matter of lumber.

Mr. CONNALLY. Mr. President, I have an amendment I want to offer which I am sure will not lead to any debate.

Mr. SMOOT. Mr. President, I was going to suggest that we take a recess. Would not to-morrow do just as well?

Mr. CONNALLY. That will be all right.

Mr. WAGNER. Mr. President, will the Senator from Utah yield to me for a moment?

Mr. SMOOT. I yield.

Mr. WAGNER. I have an amendment prepared now which is simply to carry forward an amendment already adopted by the Senate putting certain spices on the free list. This was prepared at the request of the Senator from Utah, and I am ready to offer it now.

Mr. SMOOT. Let it be printed and I will check it over.

The VICE PRESIDENT. The amendment will be received and printed and lie on the table.

RECESS

Mr. SMOOT. I move that the Senate take a recess, the recess being until 11 o'clock to-morrow.

The amendment was agreed to; and the Senate (at 5 o'clock p. m.), under the order previously entered, took a recess until to-morrow, Thursday, February 27, 1930, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

WEDNESDAY, *February 26, 1930*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou, who givest liberally unto all men, be unto us very, very real, good, and compassionate. Set us free from besetting sins and evil tendencies. Deeper than we have ever known and clearer than we have ever seen, do Thou reveal Thyself unto the officers and Members of this Congress. Let Thy spiritual truth grow up through our daily tasks—a duty well done brings one very close to our Heavenly Father. While the earth gives us its generous treasures, O light up our souls with the reflection of worlds unknown. We praise Thee that not even a wounded sparrow cries to Thee in vain, for the glories of Thy kingdom are love and rest beneath eternity's cloudless skies. Through Christ Jesus our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 117. For the relief of farmers in the storm, flood, and/or drought stricken areas of Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Ohio, Oklahoma, Indiana, Illinois, Minnesota, North Dakota, Montana, New Mexico, and Missouri.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3135. An act granting the consent of Congress to Helena S. Raskob to construct a dam across Robins Cove, a tributary of Chester River, Queen Annes County, Md.; and

S. 3297. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River approximately midway between the cities of Owensboro, Ky., and Rockport, Ind.

H. R. 3658—MAKE BOONESBOROUGH A NATIONAL PARK

Mr. WALKER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill (H. R. 3658), to make Boonesborough, Ky., a national park.

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. WALKER. Mr. Speaker, this bill is sponsored and being urged by the Boonesborough Chapter of the Daughters of the American Revolution, of Richmond, Ky., an organization of patriotic women, who are prompted alone by a desire to honor the memory of the illustrious heroes of Fort Boonesborough, and to make and hold sacred the land where these great events of history transpired, under the leadership of Daniel Boone.

Daniel Boone was born in Bucks County, Pa., on February 11, 1735, and moved with his father, Squire Boone, to North Carolina in 1748, and died in St. Charles County, Mo., on September 26, 1820. He was the great pioneer of the West, and his chief operations were in the State of Kentucky, where he is buried at Frankfort. The history of his life and his activities have been too frequently recorded to be repeated here. He was the commander of Fort Boonesborough and took over the command in 1775. The fort was erected by Daniel Boone and his compatriots. He came through what is known as the Wilderness Road from North Carolina, a distance of 200 miles, to the site of Fort Boonesborough, located on the Kentucky River, in Madison County, Ky., in the bluegrass region.

The erection of the fort started on April 1, 1775, and the stockade was finished June 14, 1775. It was the first fortified station west of the Alleghenies. It was the sentinel that guarded the western frontier for the benefit of the American Colonies in the War of the Revolution. It prevented an attack from the west on the Revolutionary forces. It protected them on the west. It withstood three sieges—two in 1777 and the great siege of 1778. Had Boonesborough fallen the enemy could easily have marched on the Colonies from the west and the final victory of the Revolution would have been delayed, if not destroyed, by such an assault from the west.

Students of history recognize the fact that the victory of Boone and his companions at Fort Boonesborough was a great contributing cause of the winning of the Revolutionary War and extending the American territory over the great Northwest to the Mississippi River. Had Boonesborough failed, the mountains would have been the western boundary of the original thirteen States, even if they had been successful. If Boonesborough had fallen, it would have jeopardized if not destroyed their success; but, as Boonesborough stood and withheld the sieges, it hastened the end of the war and brought about early victory as well as extending the boundary of the great Northwest territory to the Mississippi River, which made possible the further extension of the United States to the Pacific Ocean.

Fort Boonesborough was 140 feet wide and 260 feet long, and the following description is taken from Roosevelt's Winning of the West:

At each corner was a 2-storied loopholed blockhouse, to act as a bastion. The stout log cabins were arranged in straight lines, so that their outer sides formed part of the wall. The spaces between them were filled with a high stockade made of heavy, square timbers thrust upright into the ground and bound together within by a horizontal stringer near the top. They were loopholed like the blockhouses. The heavy wooden gates on the east and west were closed with stout bars and were flanked without by the blockhouses and within by small windows cut in the nearest cabins. The houses had sharp sloping roofs, made of huge clapboards, and these great wooden slabs were kept in place by long poles bound with withes to the rafters. In case of dire need the cattle and horses were kept in the open space in the middle.

The first legislative body held west of the Alleghenies convened at Fort Boonesborough, to make necessary laws for the fort in June, 1775. This was the first fort in the West, where women were admitted, and they greatly aided the men in the siege, by carrying water and powder and molding bullets. The defenders of this fort included such prominent and historical names as Boone, Henderson, Hart, Shelby, Estill, Rodes, Calloway, Clay, Irvine, Woods, and many others. They and their children are among the Nation's best, and it was indeed a race of heroes which sprung from the founders of Fort Boonesborough, and they included many scholars, soldiers, statesmen, lawyers, orators, judges, and preachers. Fort Boonesborough was indeed the defender of the western frontier in the War of the Revolution. It held forth from 1775 to 1783, and in H. R. 3658 we are asking that the site of Fort Boonesborough be made a national park, with a monument to Boone and his compatriots, as a fitting and lasting recognition of this great historical spot.

I conclude with the words of Lord Byron, in Don Juan:

Of the great names which in our faces stare,
The General Boone, backwoodsman of Kentucky,
Was happiest amongst mortals anywhere;

* * * *

And what's still stranger, left behin(a name
For which men vainly decimate the throng,
Not only famous, but of that good fame,
Without which Glory's but a tavern song—
Simple, serene, the antipodes of Shame,
Which Hate nor Envy e'er could tinge with wrong.

ORDER OF BUSINESS—CALENDAR WEDNESDAY BUSINESS

Mr. DENISON rose.

The SPEAKER. For what purpose does the gentleman from Illinois rise?

Mr. DENISON. Mr. Speaker, I rise to ask unanimous consent to dispose of a bill or two on the Speaker's table, if there is no objection. The first one is a bill which has just now come over from the Senate, Senate 3297.

The SPEAKER. Does the Chair understand that this is a Senate bill, and that a similar House bill has been favorably reported by the committee?

Mr. DENISON. Yes.

The SPEAKER. The Clerk will report the title of the bill.

The Clerk read as follows:

A bill (S. 3297) to extend the times for commencing and completing the construction of a bridge across the Ohio River approximately midway between the cities of Owensboro, Ky., and Rockport, Ind.

Mr. SNELL. Mr. Speaker, I did not understand the request of the gentleman from Illinois.

The SPEAKER. The gentleman calls up a bill from the Speaker's table, a similar House bill having been favorably reported, and on the calendar.

Mr. SNELL. Why does the gentleman call it up to-day?

The SPEAKER. Inasmuch as this is Calendar Wednesday, the Chair thinks it will require unanimous consent to consider the bill to-day.

Mr. DENISON. Yes, Mr. Speaker; and I ask unanimous consent to do that.

The SPEAKER. The gentleman from Illinois asks unanimous consent for the present consideration of the bill. Is there objection?

Mr. O'CONNELL of New York. Mr. Speaker, reserving the right to object, the gentleman from Missouri [Mr. COCHRAN] is continually objecting to these bills. I ask to have this passed over.

Mr. KINCHELOE. Mr. Speaker, may I say to the gentleman from New York that this is a railroad bridge and is not within the class to which the gentleman from Missouri objects.

Mr. DENISON. If there is to be any controversy about it, I shall withdraw the request.

Mr. ROMJUE. Mr. Speaker, will the gentleman yield?

Mr. DENISON. Yes.

Mr. ROMJUE. The gentleman from New York refers to the gentleman from Missouri [Mr. COCHRAN] objecting to bridge bills, but it is only to toll bridges that he objects.

Mr. DENISON. Yes; but this is Calendar Wednesday, and I do not want to call up anything that anybody has any objection to.

Mr. KINCHELOE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KINCHELOE. Where a Senate bill which has the status that this one has comes over, is there not a privilege in respect to its being called up?

The SPEAKER. Not on Calendar Wednesday, if it is objected it.

Mr. WINGO. I understood, Mr. Speaker, that there is no objection, but it is just an inquiry.

Mr. O'CONNELL of New York. Mr. Speaker, I withdraw my objection.

The SPEAKER The Chair assumes, of course, that the gentleman from Illinois [Mr. DENISON] is acting by instruction of his committee?

Mr. DENISON. Yes.

Mr. GARNER. Mr. Speaker, a parliamentary inquiry. Has Calendar Wednesday business been set aside by action of the House?

The SPEAKER. It has not.

Mr. SNELL. Mr. Speaker, it seems to me that we ought to be very careful about breaking over this rule not only for the protection of the Speaker but for everyone else. We ought not to take up bills at this time unless there is some definite, positive reason why those bills can not go over to another day.

Mr. DENISON. Mr. Speaker, before taking this action, I spoke to the chairman of the Committee on Banking and Currency, the gentleman from Pennsylvania [Mr. MCFADDEN], and he told me that my request would not interfere with his plans, and the author of the bill has assured me that this is a very urgent matter. I have no interest in it myself. I withdraw my request.

Mr. SNELL. I make this suggestion as a protection to Calendar Wednesday business under the general rules and practice of the House. I am not going to object.

Mr. KINCHELOE. The year expires to-day, the 26th of February

Mr. TILSON. Will any rights be lost by having the bill go over?

Mr. KINCHELOE. I do not think so.

The SPEAKER. The Chair is in some doubt as to whether it is his duty to recognize, first, those gentlemen who have obtained unanimous consent to address the House to-day, this being Calendar Wednesday, or to direct the call of committees. Calendar Wednesday business has not been formally dispensed with, either by unanimous consent or, as it could be now, by a two-thirds vote of the House. The present occupant of the Chair has made it a general practice not to recognize for unanimous consent a request to address the House on Calendar Wednesday. However, the consent has been given while some one else was temporarily in the chair. The Chair thinks that under the circumstances perhaps the best mode of procedure would be to recognize those gentlemen who have obtained unanimous consent to address the House, but the Chair states that he will not consider this as a precedent in the future.

Mr. WINGO. Mr. Speaker, before that is done, may I make this suggestion? I am anxious to hear these gentlemen, but a practical difficulty confronts us at the present time, and it shows the necessity for strict adherence to the rule. I have just been advised that there may be a controversy and an effort to kill by every parliamentary means one of the bills that the Banking and Currency Committee will bring up to-day. If gentlemen who have obtained unanimous consent to speak under special orders be permitted to use the time allotted to them and consume the greater part of the legislative day, then it would be easier by filibuster to destroy the bill and to destroy the very purpose of the Calendar Wednesday rule. I make this suggestion—I do not make the point of order—that the special orders to-day take their time on the banking and currency bills. I think we could very easily start, and the moment you call up one we could ask unanimous consent that the first special order, I think that of my friend from Nebraska [Mr. SEARS], be permitted to proceed for one hour, out of order, without regard to the banking and currency bill, so that the time will not be charged on that bill. I pledge for this side that we will try to take care of these gentlemen by doing that by unanimous con-

sent and still preserve the spirit as well as the letter of Calendar Wednesday.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. WINGO. Yes.

Mr. McFADDEN. It occurs to me that if this time would be consumed by the special orders the same condition would prevail as that which the gentleman from Arkansas has suggested about the filibuster.

Mr. WINGO. My idea is that we should proceed first with the gentleman from Nebraska [Mr. SEARS] and test out the feeling with reference to the bill. If we find that there will not be an effort to filibuster on that bill and other legislation on Calendar Wednesday, then we could let in, immediately after that had been tested out and the first bill passed, the other gentleman on the same kind of arrangement; and if anybody got shut out let it be some of these gentlemen who have to defer their speeches until to-morrow. I do not know who the other gentlemen are, other than my friend from Nebraska [Mr. SEARS].

Mr. SEARS. Mr. Speaker, I would not willingly put off my time to another date than to-day. I say that for a special reason. I want to get publicity to the people on this question.

Mr. WINGO. I agree with my friend. I will not agree to any kind of arrangement that would prevent the gentleman from going ahead to-day. Let the gentleman take one hour, and then we can take care of these other gentlemen during the day by special arrangement.

Mr. SNELL. If the gentleman is going to have an hour, why not let him go ahead now?

Mr. WINGO. That will be all right. I just made the suggestion.

The SPEAKER. The Chair desires to state that in recognizing the special orders in this instance he will not regard this as a precedent which should govern his ruling on the subject on some future occasion.

Mr. GARNER. Then if I understand the Speaker, in the future the Speaker would probably hold that in case he should be absent from the chair and some other Speaker pro tempore did not take care of Calendar Wednesday, as he so wisely does, that he would hold that the special order made by the House, in his absence, could be vacated by virtue of it being Calendar Wednesday.

The SPEAKER. The Chair does not go so far as to say that, but Calendar Wednesday from the beginning—and the Chair remembers when it was adopted—was for the purpose of preventing any other business being transacted on that day, leaving the day free for the call of committees and the rule is very strong on that subject. The rule provides—

> On Wednesday of each week no business shall be in order except as provided by paragraph 4 of this rule unless the House by a two-thirds vote on motion to dispense therewith shall otherwise determine.

Now, the Chair is in some doubt, where unanimous consent is given to some Member to address the House on Calendar Wednesday, whether that abolishes Calendar Wednesday to the extent of that time or whether it abolishes altogether. The Chair wants to give some consideration to that point, and therefore the Chair desires to state that he will not feel that he will be bound by this precedent in the future.

Mr. TILSON. Mr. Speaker, I wish to say that at the time these requests were made it was the opinion of the chairman of the Committee on Banking and Currency that there would be very little business coming from that committee on to-day, and it was for the purpose of profitably occupying the day that these special orders were made. It was done in order to fill out the day rather than call the next committee and give that committee only a portion of the day. It appears now that there may be more business than the chairman originally contemplated. This slight miscalculation was the cause of the situation.

Mr. GARNER. Mr. Speaker, will the gentleman yield for a suggestion?

Mr. TILSON. Yes.

Mr. GARNER. It seems to me that we are not pressed for time, and we might well select some other day to give to the Committee on Banking and Currency a Calendar Wednesday. In that way we would give them a full Calendar Wednesday without interfering with to-day's program, which has been agreed to by unanimous consent.

Mr. WINGO. Mr. Speaker, may I make a suggestion that the gentleman from Connecticut should ask unanimous consent to the effect that if the Committee on Banking and Currency should fail to conclude its bills for consideration to-day it should have the call on next Calendar Wednesday?

Mr. TILSON. Mr. Speaker, I make this request: That if the business in order called up by the Committee on Banking and Currency is not completed to-day, that committee shall have the next Calendar Wednesday.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that in the event that these two bills from the Committee on Banking and Currency are not completed during the day it may be in order to consider the bills, either one or both, on the next Calendar Wednesday.

Mr. PARKER. Would the Clerk then call up the Committee on Interstate and Foreign Commerce and give us then half a day? I want to be sure that we have two full days.

Mr. TILSON. I ask that the Committee on Banking and Currency shall have a full day. Let my request stand that, if necessary, the Committee on Banking and Currency shall have another Calendar Wednesday in order to finish the business in order to-day.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that in the event these two bills are not completed before adjournment to-day, on next Wednesday it shall be in order to consider one or both bills for the entire day. Is there objection?

There was no objection.

Mr. McFADDEN. A parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFADDEN. Do I understand now that the arrangement is that these special preferential orders will all follow our committee?

The SPEAKER. The Chair will first recognize those gentlemen who were entitled to recognition under the special orders.

PERMISSION TO ADDRESS THE HOUSE

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that on Friday next, after the reading of the Journal and other business on the Speaker's table is transacted, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Reserving the right to object, Mr. Speaker, I will say for the information of the gentleman that the Committee on Rules this morning reported out a resolution giving the balance of Friday and all of Saturday to the Committee on the Merchant Marine and Fisheries to call up such bills as they have on the calendar.

As there are already two hours of special orders for Friday, I would suggest that the gentleman ask for time some day next week.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for permission to address the House for 15 minutes on next Tuesday.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that on next Tuesday, after the disposition of matters on the Speaker's table, he may be permitted to address the House for 15 minutes. Is there objection? [After a pause.] The Chair hears none.

Under the special order of the House, the Chair recognizes the gentleman from Nebraska [Mr. SEARS] for 60 minutes. [Applause.]

FLOOD CONTROL

Mr. SEARS. Mr. Speaker, ladies and gentlemen of the House, one of our great men said many years ago, "Come, let us reason together." Much later another said, "Lest we forget." I hope the relevancy of both of those thoughts will appear to the Members before I get through on a subject about which we are inclined to be emotional. At one moment it is the only thing in the daily papers. It takes the headlines; it is a subject of considerable conversation among all; it is the subject of oratory and the subject of demands on the Government. But it is soon forgotten.

I am one of those who believe that of the three departments of government the legislative should be dominant, and of the legislative that the House should be dominant. I believe that on all great uestions of internal improvement and internal well-being the House is the one to initiate and lay down the steps that mark out the lines of policies and of action.

I want to talk to you about the question of run-off waters, because that takes in so many questions. It means that of floods and flood control; it means that of droughts and drought control, very largely; it means that of navigation, ample navigation; it means that of reforestation; it means that of profitable agriculture; and it means so much to the well-being of our country.

Just three years ago we had the greatest flood in history down the great valley between the Alleghenies and the Rockies. It was the greatest flood in the history of that valley since it was well populated. Millions of acres were deluged, hundreds of millions of dollars were washed away, and hundreds of lives were lost, because of the want of the saving of those run-off waters.

We had a loss here through drought that you people of the East never heard of, of a billion and a half; $5 for every one that was lost down there in the center of the valley in the great floods of 1927.

Mr. O'CONNOR of Oklahoma. Will the gentleman yield?

Mr. SEARS. Yes.

Mr. O'CONNOR of Oklahoma. And if under the gentleman's plan we could have kept that water out there, we would not have had the drought and they would not have had the flood?

Mr. SEARS. I think so, and I am sure of it. Now, the country, right after that, demanded that the flood waters be so controlled that these recurrent floods down through the center of the valley should cease and the people there should live without the fear of floods.

You all recall the long hearings before the Flood Control Committee, its report, and the adoption of at least a part of the Jadwin plan, which the people in that section of the country have now risen against, because they believe it is something that is not going to be of value to all of them but an absolute menace and the ruination of thousands of them. The question is now again before the Flood Control Committee. The chairman of that committee named a subcommittee to report upon reservoir control some six weeks ago. That subcommittee is made up of the gentleman from North Dakota [Mr. SINCLAIR], the gentleman from Oklahoma [Mr. STONE], and myself. We worked on that question, I think, for a month or so, and we were unanimous in the report we have brought in.

Now, there is no way of getting a subcommittee report to the main committee and before the general membership of the House without some general statement being made to the House. I take it the great majority of the membership of this House is in the same position I was when I first came here, namely, without any special knowledge of run-off waters and what they mean.

So I have asked this time for the purpose of presenting to you the work of Mr. SINCLAIR, Mr. STONE, and myself in the form of a speech, so that the membership of the House and the people of the country at large may be more fully advised in regard to this subject. I myself think it means more to the people than any internal improvement that has ever been before Congress since this country was organized. [Applause.] I myself think it means no floods; it means droughts largely ameliorated; it means permanent navigation on our inland waters and so much to the farmers.

You will notice as I go along that we have advocated that this new work be put in the hands of a Federal board of public works, the majority of which shall be civil engineers from civil life, with possibly two Army engineers. We came to the conclusion that during all of these 50 years and more that our Army engineers have been in charge of our Federal works they have never been close to the subjects of flood, droughts, power, irrigation, and agriculture. We think it has been the policy of the Congress that those questions should be correlated and considered together, but they have been ignored. So we concluded that the only way to have these questions promptly settled, and not disposed of after many, many years of long drawn out surveys and reports from one to another, was to establish a law whereby those questions can be taken care of promptly.

Allow me to read the report just as we prepared it, as I think it will be of value to those who have not given it close study and will not in any way hurt any of us.

Your subcommittee appointed to investigate and report on the subject of reservoirs as a means of control of the floods in the Mississippi River Basin and its tributaries has, in the limited time at its disposal, made a somewhat comprehensive study of the problem. It is the conclusion of the subcommittee that no plan of flood control can be successful and permanently effective without the use of reservoirs and that the future benefits that will accrue to the great basin will be of immeasurable value to the whole Nation.

The Mississippi River and its tributaries drain almost the total area of 31 States and a part of Canada. A flood plan that does not provide for the control of the surplus waters of the various streams in this great river system at or near the point of their origin can not adequately carry off a maximum flood that might occur in the future. As the territory becomes more settled and improved along the upper stretches of the various streams, the run-off of the surplus waters is greatly accelerated, the volume of water in the lower river is thus increased, and the capacity of the levees and other flood-control works taxed beyond their limit. Consequently the constant tendency for the future is for bigger and greater floods in the lower valley unless a plan for source stream storage and control is provided.

With the amount of work and money already expended upon the lower stretches of the Mississippi River, no one will contend that this phase of flood control should not be vigorously prosecuted to its completion. The levees should be brought up to the 1914 grade, strength, and measurements; bank protection and revetment work, with a view to permanent channel stabilization, should be continued. All of these works are necessary in the interests of an adequate and comprehensive scheme of flood control, the protection of life and property, and the promotion of uninterrupted interstate commerce.

It is conceded by the most eminent engineers that the final solution of the flood problem is at the source. The control of surplus run-off waters should begin at their origin and the entire flood problem be treated in a comprehensive whole valley plan of flood control.

A careful study of soils should be made by expert engineers and a complete and comprehensive educational campaign instituted to demonstrate the advantages of the storage of moisture in the soil.

Terracing of all sloping surfaces to prevent the rapid run-off of the excess precipitation should be demonstrated under careful engineering supervision in each district. This work should be constructed under supervision of expert soil engineers, but the actual construction should be done by landowners. Demonstration of this nature would educate the landowners in the value it would add to their lands by saving the rich surface soil and at the same time aid in the storage of moisture at its origin. All work of this nature would take care of the cultivated surfaces and prevent erosion and assist materially in stopping the rapid movement of the surplus water.

In the mountain sections and on the great range district special attention should be given with reference to overgrazing of the pasture lands, which destroys the grass and exposes the surface to the direct and rapid flow of surface waters, thus carrying off the topsoil and causing fertile grazing ranges to become barren and desolute waste lands. Special attention should be given to reforestation and a comprehensive plan should be adopted which will materially assist in preventing the loss of great areas in our western mountain and timber district, and also assist in flood prevention and the restoration of valuable pasture lands.

A special branch under the board of public works should be placed in charge of competent engineers to carefully consider plans and specifications submitted by landowners, municipalities, or private corporations for the construction of any small reservoirs for the purpose of catching the run-off waters and impounding them at their origin and assist in flood control.

We estimate that from 25,000,000 to 50,000,000 acre-feet of water may be conserved throughout the valley by cooperation of the board with landowners.

In addition, however, and of paramount assistance in a full, rounded plan of flood control is the necessity for the use of reservoirs as a practical means of both drought and flood prevention. This should be done as near where the water originates as possible.

Your subcommittee, while not pretending to be engineers in any manner, still for a number of years have been students of the subject of flood and drought control. We have had practical experience with reference to each. We have had the benefit of listening to learned engineers while these subjects were being discussed, and most of the tangents relating thereto we believe are fairly within the scope of the understanding of practical men.

The flood waters originate, as a rule, in the north of the valley lying between the Alleghenies and the Rocky Mountains and concentrate at the south and near the center of it. The run-off waters are from New York State to Montana and from Canada to their final resting place in the Gulf of Mexico. These waters annually cause immense damage in their onward course to the Gulf, and in some years much greater damage than others.

The cities of Pittsburgh, New Orleans, and Kansas City, as well as Little Rock, are always in great danger when excessive floods are on, as well as many minor municipalities. All swollen streams cause damage to farm lands and stock and cause immense amounts of soil to be carried into and congest the lower stream beds.

We believe it is not only possible but practical to so take charge of run-off waters that they will be a blessing to our entire people.

We are satisfied that no more water falls in any county of the valley than is needed that year for agriculture, for usually flood periods are followed by times of drought.

We are satisfied that naturally we have the greatest system of water courses in the world, if the run-off waters were properly conserved, that any nation would have, or that we could desire as a people, all that is needed is a saving of the run-off waters during the flood period and a running of the waters to the streams when the low-water period arrives.

It has been the policy of Congress for many years to consider the subjects of flood control, navigation, irrigation, and the production of power as correlated. Yet our Army engineers have absolutely neglected this policy of Congress heretofore. Recently, however, they have given out the statement that they intend to commence an intensive study of holding back and using the waters, apparently getting themselves somewhat in harmony with the declared policy of Congress of many years' standing.

There should be no great droughts because of saving and using the waters. There should be no lack of constant water for our navigable rivers. There should be an abundance of cheap power for all our people. We believe that it is a crime against our national well-being to discharge this great national asset, our run-off waters, into the Gulf without practical uses being made of them. Untrammeled, they are wild, excessive forces of nature causing destruction to life and property. Harnessed and controlled, they will be of incalculable benefit to all succeeding generations.

There is but one flood-control plan that has ever been devised whereby floods can be averted, and that is by way of reservoiring the minor-flood areas. In our opinion reservoir control should be applied to the Cumberland, Tennessee, Ohio, upper Mississippi, Missouri, Arkansas, Red, and White Rivers and their tributaries wherever practical sites for reservoirs are found. By so doing we believe that the entire valley will be absolutely safe from floods except in minor instances.

Mr. COX. Will the gentleman yield for a question?

Mr. SEARS. Yes.

Mr. COX. I happen to be a member of the committee of which the gentleman is an influential member, and I know the gentleman is largely responsible for the agitation of the thought of flood control by reservoirs. The gentleman is not contending, however, that flood waters could be controlled by the adoption of the reservoir system alone. If I understand the gentleman, he is contending that there should be a combination?

Mr. SEARS. I would say a combination, and I may say it is possible to absolutely control everything but very minor floods, except a cloudburst in some particular locality.

Mr. COX. The gentleman, as I understand, has emphasized and intends to emphasize now that control through a system of reservoirs would create the possibility of a return to the Government for the expenditures made.

Mr. SEARS. I think two-thirds of it would be reimbursed.

Mr. COX. Of course the control of floods is the primary purpose, but still control by reservoirs would create power possibilities and also the possibility of using the run-off waters for irrigation purposes.

Mr. SEARS. And perfect navigation.

Mr. COX. Yes; I understand. It would serve a threefold purpose.

Mr. O'CONNOR of Louisiana. Will the gentleman yield?

Mr. SEARS. I yield.

Mr. O'CONNOR of Louisiana. Like the gentleman from Nebraska, I, too, have been interested in flood-control problems and in the numerous bills that have been brought before the House during the time I have been a Member looking to a solution of the problem. I have introduced several bills along the lines of the old Newlands bill, and that is practically in line, I believe, with the gentleman's thought as he is expressing it here to-day.

Mr. SEARS. Yes.

Mr. O'CONNOR of Louisiana. In regard to reservoirs, as I have always understood it, the Great Lakes are the reservoirs for the St. Lawrence. The St. Lawrence discharges about one-sixth of the volume that the Mississippi River discharges annually. Now, where would the gentleman place the reservoirs that would act in the same way toward the Mississippi that the Great Lakes act toward the St. Lawrence; what would be their area, what would be their volume, and where would they be placed? This thought has been in the minds of a great many people who have never looked upon the reservoir proposition favorably.

Mr. SEARS. I think I will treat of that before I get through; if not, I will refer to it again.

Mr. GREEN. Will the gentleman yield?

Mr. SEARS. Yes; but this must be the last one.

Mr. GREEN. The gentleman has made a considerable study of our inland waterways and of flood control. I would like to know how the gentleman feels toward the possible connection of the last existing link in the intracoastal canal system extending from Boston to the Rio Grande. The gentleman realizes that we now have pending a survey of what is known as the across-Florida canal. We hope for a report from the engineers in the very near future and we hope it will be favorable. I would like to know how the gentleman feels about the feasibility and the reasons for the construction of this canal across Florida, if he would not mind expressing his opinion.

Mr. SEARS. The objection is sustained that the question is not germane to the general subject. [Laughter.] However, I am in favor of the canal. [Laughter and applause.]

As an illustration, the works near Dayton, Ohio, absolutely guarantee safety to that city by reason of the Miami Dam. The Pathfinder and Guernsey Dams on the Platte River have reduced the flood peak 45 per cent of its flow and increased the low-water period flow 47 per cent, insuring that valley, when only partially reservoired, from damage by floods. There is one site near Bismarck, N. Dak., where 15,000,000 acre-feet of water may be impounded at flood-peak time and returned again in low-water period at the rate of 10,000 cubic feet per second, thereby insuring that greatest of all rivers a stabilized flow and an absolute permanency in its course. This also would prevent, as we believe, the siltage of 400,000,000 square yards of rich soil from entering the Mississippi near St. Louis. It would also reduce the flood peak at Cairo, Ill., a number of feet.

The reservoiring that has been studied on the Alleghenies near Pittsburgh will not only save that city from flood danger but reduce the Cairo flood peak a number of feet. We believe that by applying the reservoir system to the different rivers named, and their tributaries, we can reduce the flood peak of the waters at Cairo upwards of 20 feet and give the river absolute capacity to carry its current free from overflow to where it meets the waters of the Red and Arkansas.

A great deal of study has been made engineeringly by Oklahoma on the North and South Canadian Rivers, and in a section adjacent to the Arkansas and Red. We believe it is practical to say that the waters of those rivers can be reservoired so as to give absolute freedom from fear of floods to the people of that great section.

Internal improvements should be carried on first, all things being equal, where they are the most needed. And when undertaken they should be carried on as expeditiously as is practical from an engineering standpoint. Let us illustrate: We lately celebrated the opening of the Ohio River system of lockage. About 50 locks in about 50 years! So great a delay that the money expended at 2 per cent interest would have amounted to more than the whole appropriation. To a practical nation this delay is disgraceful. If the demand for the improvement is so great by the generation in which the work is started as to cause the work to be commenced, then the grandchildren of that generation should not be the first to enjoy the fruitage of the effort.

Now, as to the Jadwin plan: It is not intended as a flood-control proposition. It is intended to continue floods. Not to take possession of the waters in the minor flood areas where they originate and turn them to beneficial uses, to real flood prevention, to real navigation perfection, to real farm and city uses, but on the contrary to dedicate their forces to the destruction of property and life.

Mr. O'CONNOR of Oklahoma. Will the gentleman yield?

Mr. SEARS. Certainly.

Mr. O'CONNOR of Oklahoma. Your objection to the Jadwin plan is that they do not know it is a flood until they get to the Mississippi; that they ought to go out to the tributaries where floods are born and exercise some birth control?

Mr. SEARS. It is a tributary question.

The report continues:

It was popular some years ago to demand that the water be kept back from the lower portion of the valley, but for some strange reason that demand has ceased. But the Jadwin and all kindred plans mean that Pittsburgh shall still be endangered, and Kansas City and Little Rock and Cairo and a hundred other municipalities likewise. That five or six million acres of land in the lower central part of the valley that should be of the highest agricultural value shall be devoted forever to swampage. That a dozen cities and villages shall cease to exist, that many thousand people shall be driven from their homes. If this method should be carried into its ultimate effect, it would be the most disgraceful policy ever adopted in the history of the Nation.

Let us consider that great body of land lying east of the Rocky Mountains to the great river. Floods are bad enough in that region, but droughts in money value are much worse. The year of the great flood, three years ago, about $300,000,000 of property was destroyed, together with many lives, because we had not reservoired our minor flood areas prior to that time. But the year before, through that stretch of country of wonderful richness of soil, for the want of the saving grace of water that had not been saved, there was a loss by way of drought of at least a billion and a half dollars, all in one year, and it never reached the headlines of the great daily papers.

Mr. LETTS. Will the gentleman yield?

Mr. SEARS. I yield.

Mr. LETTS. Has the gentleman estimated what the loss is in different years?

Mr. SEARS. An estimate in Nebraska by the chamber of commerce puts the loss at $350,000,000, and the Governor of Kansas told me that it was all of that amount in his State.

Mr. SINCLAIR. Will the gentleman yield?

Mr. SEARS. I will.

Mr. SINCLAIR. I think the loss in all of the States has been estimated something like a billion and a half dollars.

Mr. SLOAN. Will the gentleman yield?

Mr. SEARS. Certainly.

Mr. SLOAN. Has the gentleman any definite figures showing the amount of money that has been expended by the Government and the States in the main channels of the Ohio, Mississippi, and Missouri, running to the Gulf, and which has afforded no real substantial defense to floods?

Mr. SEARS. No; I have not got those figures, but it runs into hundreds of millions of dollars.

The report continues:

It is the belief of your committee that if the waters of the Blue, Republican, Platte, and Kaw Rivers, and the Arkansas, Red, and White Rivers, and their minor tributaries, had been reservoired, such a great drought would not have spread over that wonderfully fair area. Throughout the western portion of that great strip east of the Rocky Mountains, each year there is a loss of croppage through drought. The harvesting of small grain commences first with the south and then proceeds rapidly north as far as through the Dakotas. The harvest leaves a hot stubble and is a prolific cause of hot winds that devastate Oklahoma, Kansas, Colorado, Wyoming, Nebraska, North and South Dakota.

If the run-off water in the region were conserved we believe that clovers, alfalfas, and green vegetation would save this stretch of country from hot winds that work so much damage to crops. It was the run-off waters from the Republican and Blue, entering the swollen waters of the Kaw, then poured into the Missouri, that caused the immense destruction at Kansas City in 1903. It is claimed that $70,000,000 worth of property was destroyed and many lives taken in that flood. There are reservoir sites on the Republican and Blue that would take up as much of their waters as is desired and prevent all future floods on these rivers and on the Kaw.

We desire to call the attention of the committee to the great benefits that would come to the country at large should these waters be reservoired throughout the areas of the valley in effecting increased rainfall and the growth of vegetation, including reforestation.

The uniform supply of waters to our rivers afforded by reservoiring our minor flood areas would give us a national system of inland-water navigation that would be of the greatest value. It would establish the great river known as the Missouri and Mississippi as the greatest inland waterway of the world. It would do away with all dredging of the Mississippi and Missouri and thereby save millions of dollars annually. It would save much of the revetment work. But above all it would provide for a great inland navigable river in the middle of the valley from Montana to the Gulf. No part of the country has suffered from excessive railroad rates as has the Northwest section. Freight rates there are the highest of the whole country. The farmer's grain would bring him from 5 to 7 cents per bushel more, where the crop is measured by billions of bushels, should that river be perfected as to its navigation. That is the most practical farm relief that could be given to the people of that section. The railroads for 50 years have successfully prevented the improvement of the Missouri River for navigation. Having succeeded in that, it was found easy to have the rates maintained by the Interstate Commerce Commission, because, forsooth, that section was without navigation. Common justice requires that the flood waters of the Missouri be conserved so as to benefit all of the people by a splendid navigable waterway.

We feel that tht Board of Army Engineers is without sufficient engineering skill and experience to cope with this great civil-engineering problem. The hearings before the Flood Control Committee of last year amply disclose either that the engineering knowledge is lacking or else that the heart of the Chief of Engineers was not in accord with the policy of Congress in considering flood control, irrigation, navigation, and power as important elements or parts of one great question, and that question the utilization of our run-off waters to their uttermost for the benefit of the people wherever possible.

Before this committee it was admitted by General Jadwin that the engineers' plan of flood control for 50 years had been futile and unavailing; that new plans would have to be thought out and applied. It was manifest to the whole committee that reservoiring the minor flood areas and thereby preventing the congestion of great flood waters was new to him. Although he admitted that it was the ideal plan, we, your subcommittee, believe it to be the only efficient plan for the control of floods.

No engineer has been before the Flood Control Committee for this year or two years ago but that agreed that owing to the draining of swamps, the straightening of creeks and rivers, the building of sewers and hard roads, that the waters are continually being congested in the center at a much more rapid rate than ever before.

Mr. O'CONNOR of Oklahoma. Is not the main vice of the Jadwin levee plan that it divorces completely the flood control from navigation, instead of wedding the two movements together so as to bring forth prolific issue of prosperity to the whole region?

Mr. SEARS. Apparently General Jadwin has not given consideration to the storage of water to use for navigation, agricultural purposes, or power.

Mr. COX. Will the gentleman yield?

Mr. SEARS. I yield.

Mr. COX. The trouble with the Jadwin plan is, the gentleman thinks, that is was predicated on incomplete studies of the subject. What the gentleman insists upon now is a full, complete, and intensive study on the entire subject, the collection of full and accurate data, and the enactment of a complete, comprehensive flood-control plan?

Mr. SEARS. Let me interject a statement. We go farther than that. That would mean years and years of study before the report was made and before Congress could act.

As we suggest here, this board of public works can take up a site where it will have a beneficial influence on flood control, get their data, do their surveying, and go immediately to the President of the United States, and on his giving them an order they can proceed at once.

Mr. COX. Would that be sound? In other words, the gentleman's indictment of the Jadwin plans is that they are not complete and comprehensive.

Mr. SEARS. My indictment of the Jadwin plan is that they were 50 years in completing the Ohio locks when during 10 years we constructed the Panama Canal and that complete project. If the Ohio locks were something valuable enough to proceed with and commence, they should have been completed in 10 years at the furthest.

Mr. COX. But could it be foretold as to what influence the construction of any particular reservoir might have until a complete study had been conducted?

Mr. SEARS. Oh, yes.

Mr. COX. Enabling the agency carrying on the study to determine as to just what influence it would have.

Mr. SEARS. Oh, yes. Suppose the gentleman were President of the United States and this law were in effect—and I hope he will be.

Mr. COX. I thank the gentleman.

Mr. SEARS. Changing the gentleman's politics somewhat for the purpose of getting there—and if this board of engineers were to come to him and to say, "We have been to the site, and here is all of our data"——

Mr. COX. Yes; but the board has not been getting the full data.

Mr. SEARS. Wait a minute. "Here is all of our data and figures; we have surveyed it carefully; we can put up that dam for so much, and the result will be the impounding of 15,000,000 acre-feet of water. We know that as engineers. We can not measure that until after it is done, but we know it as engineers; and we know that the river will stay right there; and we know that it will stop the silt into the Missouri; and we know that when those waters get to Cairo it will have the influence of cutting down the flood peak at Cairo 5 or 6 feet; and, Mr. President, we advise this; we recommend it; and here are all of our reasons." I know what the gentleman would do as President of the United States. He would give them an order to proceed with that work.

Mr. COX. I am not sure.

Mr. SEARS. Oh, yes.

Mr. COX. The gentleman would not advocate the execution of any isolated project without relating it and connecting it up in some way with the general flood-control plan, would he?

Mr. SEARS. Here is the flood-control plan that has been adopted.

Mr. COX. I understand; but you were advocating a modification of that plan in the interest of control.

Mr. SEARS. Absolutely; as an original act.

Mr. COX. Into which reservoirs must be worked.

Mr. SEARS. Oh, no.

Mr. COX. Wait. I think I agree with the gentleman.

Mr. SEARS. I do not work it in there at all. I establish an independent board with independent powers to proceed and where they have investigated the thing they can put a reservoir up that will have a beneficial influence on flood control, and they can put their data before the President and get an order to proceed with the work.

Mr. COX. Just one more question. The gentleman made some observation with reference to the time it would take the engineers of the War Department to make a complete study of flood control. The gentleman does not mean that there is anything before the committee that would indicate that it would take more than 12 months' or 18 months' time to complete this study?

Mr. SEARS. I am talking about what we know they have been doing. I know that General Jadwin was unfair to the reservoir proposition, and the gentleman knows that.

Mr. COX. Yes. I am not taking exception to anything the gentleman has said with reference to General Jadwin and his set-up, over which he presided. I think the gentleman does not intend to broaden that criticism so as to include the engineers of the War Department under the headship of General Brown.

Mr. SEARS. We have great hopes of General Brown.

Mr. COX. I agree with the gentleman that there is reason to hope for more sympathy from the War Department engineers.

Mr. SEARS. Oh, yes.

Mr. SINCLAIR. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes.

Mr. SINCLAIR. With reference to the replies made to the gentleman from Georgia [Mr. Cox] I want to say that of course the subcommittee of which the gentleman from Nebraska has been the chairman, are in accord with reference to the completion of certain approved works on the lower Mississippi River. There has been no desire on the part of the committee to, in any way, curtail or curb the completion of those works that have already been improved.

Mr. COX. I do not mean to imply, by anything I said, that there was the slightest unfriendliness on the part of the gentleman and my friend from Nebraska.

Mr. SINCLAIR. No; we are in perfect accord on this. In addition, however, we have felt that there has been sufficient information and sufficient surveys made with reference to the floods being controlled, the control of the headwaters, to enable us to go ahead with, you might say, a project almost, at least make the surveys and complete a project in a short time, within a year.

Mr. COX. As to the point of legislating on the subject, I am seriously in doubt. However, I am in sympathy with the effort to broaden the investigation.

Mr. SINCLAIR. Let me remind the gentleman that a survey has been made by the city of Pittsburgh which is conclusive so far as the safety of that city is concerned and the reduction of flood currents at the city of Pittsburgh for more than 10 feet.

Mr. GARBER of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes.

Mr. GARBER of Oklahoma. I want to commend the subcommittee for its elucidating report in general. As I recall the evidence adduced before the committee a year ago, it did not include a survey made by the interstate commission, representing the eight States composing the flood-water basins of the Red River and the Arkansas River, accurate surveys, showing that by 250 reservoirs the flood waters of that great basin, which composed over one-half of the flood waters of the Mississippi River in 1927, could be withheld and controlled.

Mr. SEARS. Oh, yes, in small reservoirs.

Mr. GARBER of Oklahoma. And these reservoirs are widely distributed to carry out the purposes stated by the gentleman in his report?

Mr. SEARS. Yes.

Mr. GARBER of Oklahoma. Just one other question. In the act of 1928 Congress appropriated some $5,000,000 for preliminary surveys to verify the surveys and ascertain the problems and their solution. Has the gentleman representing this committee any information as to the progress of the work made in that regard by the War Department?

Mr. SEARS. I think they are working very rapidly.

Mr. GARBER of Oklahoma. They are?

Mr. SEARS. Yes.

Mr. GARBER of Oklahoma. That is very encouraging indeed, because heretofore when we put anything under the War Department it went to sleep.

Mr. SEARS. We have prepared a bill along the line of reservoiring the minor flood areas of the great valley of the Mississippi, which we have introduced and had referred to the committee.

Our reasons for preparing our bill in the wording it has are as follows:

We are satisfied there is only one real plan of flood control. And that is to store the surplus waters—that is, the run-off waters—in the ground and in reservoirs. We believe that there is no more water falls on any county than it needs that year for practical use. Of course, this does not mean certain mountainous counties. We are satisfied that our run-off waters are our greatest national asset yet remaining and should be conserved to the uttermost. We are satisfied that with a reservoiring of probably 60,000,000 acre-feet of water, all fear of greater floods will be gone forever. That with reservoiring to that extent siltage in the rivers will cease, the watercourses attain greater stability and especially on the Missouri, the great silt-bearing stream, a constant deepening process will go on and be accompanied by greater capacity to carry off water within banks.

We are satisfied that the greatest need, economically, to our country at this time is the improvement of our waterway system by way of improved rivers. This can only be brought about by the conservation and holding back of our run-off waters. Reservoirs and soil conservation of waters will take possession of the run-off and return the waters to the streams at what is known as the low-water period, giving us a constant flowage of our water courses, with continuous navigation. We can not have satisfactory navigation with high water in the flood peak times and little or no water supply later on. Each year we lose many millions of dollars by drought throughout the great valley. Reservoirs and soil storage we are satisfied will do much to alleviate this condition. With constant flowing of water in our streams reforesting will come naturally. Bird, wild game, and fish life will be improved a thousandfold.

Without the conservation of water by reason of reservoiring the minor flood areas and soil storage the floods of the valley will increase as time goes by, lands will be devastated, cities and villages inundated, with loss of life and property, and vast sums of money expended to throw this wonderful resource out into the Gulf as a useless thing. We will be without internal navigation and dedicate our agriculture permanently to a condition of down grade. Bird, fish, and game life will follow suit, reforesting will be an artificial process, if at all. It is a question of being on the upgrade or with our eyes wide open choosing the down slide.

The reason for establishing the Federal board of public works, as suggested in our bill, is that in our opinion after more than half a century of being in charge of the general questions of our run-off waters, apparently our Army engineers have never made a study of them from the standpoint of their conservation, their commercial and economical worth, nor their moral value to the people. We do not believe there is, or at least has been, a capacity and inclination to use these great resources for the national welfare. It was only as a last resort that we came to the conclusion that we must trust the tremendously important question, that was submitted to us for our report and recommendations, to other hands.

At all times and occasions the shortsightedness and hostility of our Army engineers have prevented these great questions from being solved in the interest of the people. The floods are becoming greater and the work as lined out by General Jadwin and his predecessors has but added to the burden of the problem. Apparently in the past, our Army engineers have only thought how to continue the floods, how to devastate valuable lands, how to ruin prosperous communities, how to continue the droughts and how to prevent our having the most wonderful system of river navigation known to the world. If great selfish interests had been at work on a well-organized plan to prevent progress and the benefits of water conservation to the Nation, they could not have had better servants than our Army engineers have been down to the time that General Jadwin retired from office. We believe that this great branch of the public service should be given to such a Federal board as we provide for in our bill. There should be several changes that the committee will desire to make, one of which we will suggest at this time, that a provision be inserted, looking to the providing by departments, of information, data, map help, and otherwise, when required.

It is admitted on all sides that reservoir control of the minor flood areas is the ideal solution of the problem raised by the yearly flood conditions. The only objection that is voiced at any time or from anywhere is that of the supposed great cost of such control. But not one person who has made objection has ever been a student of the problem or has brought anything but glittering suppositions to fortify his opposition. Some very respectable engineers and many fairly intelligent laymen have given much thought, not only to the question of the value of reservoir control of floods, but also as to the probable cost of reservoiring. Not one has believed it would cost anything like the carrying out of the so-called Jadwin plan. Your committee who sign this report, believe that the $750,000,000, authorized by our bill will be ample for all of the intended purposes, and that much of that will be reimbursed to the Government.

At a time when they were interested in keeping the prospective cost of their proposed plan as low as possible, about two years ago, when the Jadwin plan, so called, was first launched President Coolidge and General Jadwin gave out a statement that their prospective works would cost a billion and a half of dollars. Anyone who will give but a superficial investigation to the subject must conclude that their cost will amount to much more than that, and when completed the costs of repair and maintenance will amount to many millions of dollars more each year. No benefits whatever will accrue, no floods controlled, no navigation benefited, no agriculture improved, no benefits anywhere. Only a great wastage of the public money and great distress fastened onto the people of the lower valley as a permanent condition.

We believe that the reservoiring of 60,000,000 acre-feet of water by the Government will guarantee the benefits referred to in

this report. For to that will be added the increased capacity of rivers to carry off flood waters when silting has largely ceased, which we estimate to be at least 10,000,000 acre-feet. And 20,000,000 acre-feet by farm conservation of water throughout the valley, if we work with those of agriculture to that end. The 60,000,000 acre-feet that we recommend to be reservoired can be accounted for by so taking up from the Tennessee and Cumberland and their tributaries 15,000,000 acre-feet; Allegheny and Ohio and tributaries, 10,000,000 acre-feet; upper Mississippi-Wabash district, 10,000,000 acre-feet; and Missouri and tributaries, 18,000,000 acre-feet, which we estimate will reduce the Cairo flood peak at least 20 feet. And to this we add in the Arkansas, Red River, White, and St. Francis districts 15,000,000 acre-feet, which we believe can all be perfected at a cost for reservoiring of not to exceed $750,000,000, known to the proposed authorization.

This reservoiring of 68,000,000 feet of run-off water, when added to the 30,000,000 feet believed sure to follow as a saving by farm cooperation and increased river capacity if river silting should cease, would account for practically 100,000,000 acre-feet of water being withheld from the lower Mississippi and would guarantee against great floods forever, and the enumerated benefits would all be free to the people as a by-product of common-sense business. The great flood of 1927 did not send into the flooded districts more than 80,000,000 acre-feet of water beyond the capacity of the river beds to safely carry to the Gulf.

We believe our proposal is the only plan that will supply water during the low-water periods. That is the only one that will safeguard our agriculture and reforest our river banks and temper the hot winds from the south. It is the only one that will supply ample electrical power to our people. Furthermore, we believe that the entire valley as to its minor flood areas can be reservoired at much less expense, at much less than half the cost of the Jadwin or kindred plans, and that probably two-thirds the cost of the reservoirs will be reimbursed to the Government.

The reservoiring of the minor flood areas of the valley would be the greatest beneficial internal improvement ever undertaken by our Government. The improvement of the great river alone would benefit probably at least half of our people. Great works are undertaken, and great expenses entailed at Government charge for every other section of the country, and some of them with very little consideration. How does this look: Five hundred million to build ships for ocean traffic, 25 per cent of construction price to be furnished by the private owners and 75 per cent by the Federal Treasury. The next 20 years will mark the closing of a 30-year period where the Federal Treasury shall have given in ornamentation and cash donations at least a billion dollars to the city of Washington. The Boulder Dam will probably cost at least $600,000,000. The Panama Canal, which has injured the great Northwest so much, $400,000,000, Muscle Shoals probably $200,000,000. Nicaragua Canal, prospectively, as much as the Panama. The Ohio River, with its system of locks and 50 years in building, $100,000,000. And the list can be greatly extended. All of the above-named enterprises together would not be of as much value to the United States as the control of its run-off waters by reservoiring its minor flood areas and making efficient use of those waters. If anyone thinks to the contrary, your subcommittee will be glad to have such ones list the benefits from all of those enterprises and we will gladly undertake a comparison of such work by a detailed statement of the benefits to be derived from reservoiring the minor flood areas of the great valley.

Therefore we recommend that the bill that has been prepared looking to the reservoiring of all minor flood areas of the valley be reported out and passed, and that the work be placed in the hands of competent engineers apart from the Board of Army Engineers, and that at least a majority of those so in charge shall be from civil life.

The responsibility is on Congress and can not be shifted to Army engineers or elsewhere, to select the flood-control plan or whatever plan is selected with reference to our run-off waters. It is up to Congress to select and adopt real flood control or to adopt a plan to expend money with much harm and little benefit.

The bill we have presented and here report on is intended to be a complete act in itself, and under which the work could proceed rapidly, taking notice that we have all of the general knowledge as Congressmen needed to adopt such a policy without waiting for the advice or surveys of engineers or other information than that which we now have. That is, by adopting this policy we only instruct our employees to construct the several reservoirs where engineering skill and science approve in the selection of the site of the dam or reservoir, and that there will be a substantial influence for good by reason of such construction on flood control. As soon as such report is made to the President he can order the construction of any one of the meditated reservoirs. We believe this is the only manner in which permanent relief from floods can be commenced; otherwise, it means years of surveying and checking and studies. Our common sense tells us that every material amount of water withdrawn from the floods reduces the flood volume that much. We do not need any engineering advice, I take it, to come to that conclusion.

Mr. WILLIAM E. HULL. Mr. Speaker, will the gentleman yield for a question?

Mr. SEARS. I will for a very short one.

Mr. WILLIAM E. HULL. Where would the reservoir be in the Arkansas Basin?

Mr. SEARS. That would be where they found it safe.

The gentleman heard the statement of the gentleman from Oklahoma [Mr. GARBER] did he not?

Mr. WILLIAM E. HULL. Yes. The reason I asked that question was that it came down within the vicinity of 200 miles of the flood. If you did not have the reservoir in that section, it would not be of service.

Mr. SEARS. The reservoirs are entirely tributary to the trouble.

Mr. WILSON. Mr. Speaker, will the gentleman yield there?

Mr. SEARS. Yes.

Mr. WILSON. The report of the reservoir board shows that the site of that flood was in the alluvial valley of the Arkansas. That included the 1927 flood. The others came largely in the heavy rainfall in the tributaries. That is what brought about the great flood. I wish to say, however, that the Chief of Engineers, General Brown, in making his report on that particular territory, especially the Arkansas and the Tennessee, is making a most complete survey for every purpose, and I hope it will conform very closely to the statement of the gentleman that we should use reservoirs in flood control.

Mr. SEARS. In that overflow there were not over 80,000,000 feet of water more than could be carried safely to the Gulf. It is estimated that in 1912 and 1913 there were 70,000,000 feet of water more than could be safely conducted to the Gulf. I give them 10,000,000 acre-feet more and make it 80,000,000 feet for 1927.

That was an awful lot of water. One dam at Bismarck itself could take 15,000,000 feet. At Coal Creek, with an expenditure of $33,000,000, you would have ten or twelve million feet reservoired. I know that $750,000,000 is more than is necessary, and I am satisfied that more than two-thirds of that will be reimbursed to the Government.

Mr. GARBER of Oklahoma. Right there in that connection, regarding the cost, did not the report of the commission include these surveys and the reservoirs and show that the cost would be $360 per square mile, which would have taken care of one-half of the flood waters in 1927?

Mr. SEARS. Yes.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. SEARS. Yes.

Mr. HASTINGS. Will the gentleman permit me to say that I think the question of the improvement of the waterways is the greatest question before the American people to-day? I want to ask the gentleman this question: As I understand, the gentleman is commenting now upon the report of the subcommittee, which he as chairman has made to the general committee?

Mr SEARS. Yes.

Mr. HASTINGS. Has the gentleman had time yet to give study to the report of the commission?

Mr. SEARS. No.

Mr. HASTINGS. So that the gentleman can not give us any information as to what will probably be the report of the full committee or what legislation will be reported in the near future for our consideration?

Mr. SEARS. No. There has never been such a moment in our national history as propitious as is the present in which to inaugurate a system of internal improvements such as is meditated by the bill that your subcommittee has presented. We have lately experienced our greatest Mississippi Valley flood. All of the country's voices demanded that adequate steps be taken to prevent a recurrence of flood disaster. The remedies provided for two years ago are known by all to be inadequate and monstrous, and the people of the lower valley are largely in arms because of the disaster and ruin that is threatened them by the measure of two years ago.

The whole Nation is waiting for the legislative branch of Government to inaugurate adequate plans that will do away with floods and droughts and that will bring us navigation and power. The Nation is crying for improved waterways, for the reforestation of our streams, for the utilization of our rainfall to the greatest advantage.

President Hoover while Secretary of Commerce stirred the people to enthusiasm and hope along these lines. Our Secretary of War is like-minded. If the legislative branch sees its opportunity, it will proceed to that great relief without delay and be remembered for all time because of having inaugurated a rational system of conservation with wonderful benefits. Shall we take the President at his word?

Over and beyond the benefits to the Nation at large that would accrue from an early completion of the reservoir system being applied to the minor flood areas of the valley there is another reason that will appeal to all men as to why the works meditated by the bill in question should be commenced at once. And that is the employment that would immediately be given to labor. Labor and agriculture are the first to suffer in times of financial depression. President Hoover when Secretary of Commerce drew attention to the fact that such great public works would take up the slack of employment. Men by the many thousands would be given employment, which would continue for a number of years, that now are idle. It is a crime for a great Nation like ours, with its great need of public works, not to inaugurate them, of course, when they are needed, but especially in times of depression. It is criminal not to provide employment but to let men, women, and children remain idle and become hungry and lose their savings and their homes.

The promotion of all great public works needed for the welfare of the people is an absolute insurance against all future evils resultant from unemployment.

[Applause.]

Under leave to extend, there is hereto added the bill known as H. R. 9376, prepared by the subcommittee and referred to in the above remarks.

A bill to take possession of the run-off or flood waters of the valley between the Allegheny and the Rocky Mountain systems, including all of the watersheds of said systems whose waters drain into said valley, by means of reservoirs, dams, and soil storage; for the purpose of controlling the supplying of water to the navigable rivers thereof at low-water seasons; for reforesting lands adjacent to the streams and rivers of said district; for the promotion of fish culture and that of wild animal and bird life; for the aiding of agriculture and the tempering of hot winds that pass over the several States of said district, and the furnishing of added waters for municipal uses, and the promotion of navigation; and for the creation of a Federal Board of Public Works to take charge of such contemplated internal improvements, and their construction

Be it enacted, etc., There is hereby created a board to be known as the Federal Board of Public Works. It shall consist of seven members, two of whom shall be of civil life and not of the engineering profession, and five shall be civil engineers, two of whom may be Army engineers. The terms of service of the members of said board shall be from one to seven years according to the order of their appointment and the one having the shortest term to serve shall be the chairman of said board, but on whose absence from meetings the next member present having the shortest term of service remaining shall act as chairman. The members of said board shall be appointed by the President of the United States, subject to confirmation by the Senate, and vacancies may be filled in like manner as provided for the original appointments. The salaries of members of the said board shall be $15,000 per year each, and their actual necessary expenses while engaged in the business of the board away from the home office. The office of said board shall be in the city of St. Louis, in the State of Missouri. Said board shall name a secretary and such other office force as it shall deem necessary. Four members shall constitute a quorum, and a majority of said board may transact its business. Said board shall keep a record of its proceedings and transactions, an accurate account of all its expenses incurred, and shall make a report each year on the 1st day of December of its proceedings and transactions to the President of the United States and each House of Congress.

SEC. 2. It shall be the duty of said board to commence an intensive study of the different watersheds, streams, and rivers of the territory given to its jurisdiction, to the end that it may know where to construct reservoirs for the control of the waters thereof, and how to take advantage of the soils thereof for water-conservation purposes; and how to apply the impounded waters for the purposes of flood control, navigation, agriculture, power, and municipal uses.

SEC. 3. It shall be the duty of said board to construct dams and reservoirs at the most available proper places on the streams, rivers, and water courses of said valley lying between the Allegheny and Rocky Mountain systems, including therein all of the watersheds and water courses of said systems, for the purposes of controlling the flood waters thereof, and of aiding the navigable features of the rivers thereof, and of tempering the hot winds originating in and crossing the several States of the said district, to aid agriculture, to assist in the reforestation of streams and rivers, and to develop electrical power, and to assist in propagation of fish, bird, and animal life. Said board may either engage in the construction of the works herein contemplated itself or contract with individuals, partnerships, or corporations, in its discretion, therefor. It shall be the duty of the board to disseminate information on the subject of terracing the soil to prevent erosions, and to conserve and hold water, and to demonstrate the same by special agents and to assist in the storage of water in the soils, and dams by landowners. And it may furnish one-half of the funds to make surveys and assist in the construction of dams and reservoirs to be erected by municipalities, districts, corporations, and individuals where such proposed construction shall be found to have a beneficial effect for the purpose of flood control and navigation.

SEC. 4. Said board is hereby granted corporate life, and for its purposes may sue and be sued, and exercise the right of eminent domain for and on behalf of the United States Government. For its purposes it may acquire land by negotiations or purchase, by eminent-domain proceedings, or by gift, and receive as well donations of money and property of other kinds. It may employ skilled and unskilled labor and the services of those of the learned professions, and may purchase all the materials, machinery, and transportation necessary for its purposes, and make and carry out all the necessary contracts in furtherance thereof, and may fix the compensation of all persons employed by it.

SEC. 5. It shall be the duty of said board, in the different ways at its discretion, to impound at least 60,000,000 acre-feet of water on the streams, rivers, and watersheds of said district so given to its control, wherever best in its opinion it will aid in the control of the flood waters of said district and be of aid to the navigable waters thereof and wherever the different purposes heretofore enumerated shall be best served.

SEC. 6. Whenever by reason of its studies said board shall conclude that a certain dam or reservoir or works of a certain character will have a beneficial effect with reference to purposes herein declared, by reason of impounding of flood or run-off waters as in this act is contemplated, then said board shall lay its plans, specifications, data, and reasons for so concluding before the President of the United States, and thereafter, should the same be approved by the President and notice given to said board to that effect, it shall then proceed and carry out the contemplated works in the designated instance as speedily as shall be found practicable.

SEC. 7. Upon the completion of internal improvement herein contemplated the said Board of Public Works shall have authority to control the waters impounded, and the reservoirs and dams, with the view of furthering the said benefits to the Nation. It shall report to Congress its plans for the disposal of water and power and carry out the directions given it in the future.

SEC. 8. There is hereby authorized to be appropriated from the Treasury of the United States for carrying out the terms, conditions, and requirements of the act, from money not otherwise appropriated, the sum of $750,000,000.

ADDRESS OF GEN. FRANK T. HINES, DIRECTOR OF THE VETERANS' BUREAU

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by General Hines at Indianapolis last Saturday night.

The SPEAKER pro tempore (Mr. MICHENER). Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, last Saturday night Gen. Frank T. Hines, Director of the Veterans' Bureau, delivered a notable address at a banquet given by the Indiana Veterans of Foreign Wars at Indianapolis, Ind. The event was in commemoration of Washington's Birthday, and General Hines was the guest of honor. He was given a splendid reception in true Hoosier style and he responded with a most interesting and informative discussion of the problems involved in the discharge of the Nation's obligations to the veterans, their widows, and dependents. His remarks are especially noteworthy at this time when Congress is about to take up important general legislation liberalizing the World War veterans' act. A high spot in his address was a recommendation that all veterans' relief agencies be consolidated.

General Hines cited the action of the Continental Congress in endeavoring to care for the veterans who had been "wounded or disabled in the land or sea service" in the Revolutionary War.

By way of contrast to present-day conditions, he explained that in the beginning the Continental Congress had provided what were termed "invalid pensions," amounting to one-half the monthly pay, to those whose disabilities rendered them incapable of earning a livelihood. However, as the resources of the Continental Congress were greatly depleted it was recommended that the several States assume the payment of these pensions, and while this was done, the States themselves were also in precarious financial condition and payments were uncertain and soon fell in arrears. This condition obtained until after the Constitution had been adopted and the new Government took

over payment of the pensions. There had developed much dissatisfaction, however, on account of the fact that many veterans had been unable to prove service connection for their disabilities and as a result were not entitled to the "invalid pensions." It finally became necessary to pass a new pension law not based upon service-incurred disability.

However—

Said the director—

it was 37 years after the close of the Revolutionary War before this action was taken, and it is significant that the progression has been much the same after each succeeding war. Service-connected disabilities have been promptly recognized, but it was not until need was demonstrated that other veterans have been cared for. But already in the instance of the World War veterans, 11 years after the armistice we find a responsible movement to do away with the service-connection clause in existing compensation legislation, so that the Government may come financially to the relief of the many veterans throughout the country who are in need as a result of disability the origin of which can not be traced to their military service. These veterans and their dependents require material assistance and, naturally, appeal to their Government for it, just as those other veterans who have preceded them.

PROBLEM OF INCREASING NEED

Probably right now there is no greater problem before the Government, connected with veterans' relief, than what policy it should adopt to meet this increasing need on behalf of its World War veterans for whom no legislation now is in force other than to provide them with hospitalization. The theory of our original legislation for World War veterans sought definitely to provide vocational training, compensation, and medical care and treatment to the veterans who were disabled through their military service. It had also made Government insurance available to all veterans at low cost. It was a different system than had ever before been developed in connection with this problem, and at the time was considered to be an adequate program to meet the obligation of the Government to its veterans.

However, this legislation has been amended year after year, consistently liberalizing the benefits allowed and increasing the scope of relief. Compensation payments have been increased, the presumption of service connection has been extended, hospitalization, where facilities permit, has been made available to veterans of all wars, without regard to the nature or origin of their disabilities, the time limit for application for Government insurance has been removed, and the adjusted compensation act and the emergency officers' retirement act have been added to veterans' legislation. Under the adjusted compensation act 3,440,760 certificates have been issued, representing an ultimate obligation of the Government in the amount of over $3,500,000,000.

The total number of men who served in the armed forces of the country during the World War, including the Army, Navy, and Marine Corps, amounted to 4,800,000. The number who reached France was 2,084,000, and of these 1,390,000 saw active service in the front line. In the latter group 50,280 were killed in action or died of wounds, while 205,690 were wounded. The total number of lives lost in both Army and Navy from the declaration of war until July 1, 1919, was 125,500.

Under the present law—

The director continued—

over 1,100,000 claims have been filed, or about one claim for every four men who served; 568,370 claims have been allowed for both death and disability compensation, of which number 458,000 are for disability compensation alone, which is more than twice the number of those reported wounded in service. Two hundred and seventy-one thousand of these claims are now active; that is, veterans to that number are receiving current monthly payments of varying degrees. On behalf of all these claims which have been allowed the Government has disbursed in excess of $1,500,000,000, and during the month of December last year $17,000,000 was disbursed directly to the veteran or his dependents.

CONSOLIDATION IS URGED

Some idea of the magnitude of the Nation's potential obligation may be gained from the foregoing figures when it is realized that all who have filed claims to date represent only approximately one-quarter of the veterans who served. The problem will grow both in urgency and scope, and is a problem which must be approached with full knowledge of our past policies and with careful and earnest study of all its phases. It is evident that there must be formulated a new general policy affecting benefits for our veterans not only for the present, but so far as practicable to be prospective in scope.

It is this situation particularly which has caused me to urge the consolidation of all veteran relief as a preliminary to the study which will be necessary before we can adopt a national policy which would provide a definite program for uniform veteran relief, so that the veterans themselves will better understand the differences and discrepancies in the nature of the relief afforded, and in the event of future wars a man might know when he enters the service just what recompense he or his family may expect in the event of his death or disability. This uniformity and equality can never be accomplished under a continued divided legislative and operative responsibility. The consolidation of veterans' agencies would automatically remove such impediments as dual jurisdiction, diversified control, duplication of effort, and other expensive and detrimental features thereby reducing administrative expenses, and with all Budget activities dealing with this problem concentrated in one agency would enable the Congress, the administration, and the people to know at all times the total cost of legislation dealing with veterans' relief.

And the cost—

Concluded the director—

is a most important item to be considered. With the Government, through its several agencies already spending nearly $800,000,000 annually for veterans, we must make sure that any further relief provided be based upon plans that are economically wise, that they supply for the veterans the quality of service they require, and we must be sure of our future ability to meet whatever obligations we assume for this purpose.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

Mr. SNELL. Mr. Speaker, I present a privileged report from the Committee on Rules for printing under the rule.

The SPEAKER pro tempore. The gentleman from New York presents a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 169

Resolved, That upon the adoption of this resolution the Committee on the Merchant Marine and Fisheries shall have the balance of to-day and Saturday, March 1, for the consideration under the general rules of the House of the following bills: H. R. 7998, H. R. 8361, H. R. 9553, and H. R. 9592; this rule not to interfere with privileged business.

The SPEAKER pro tempore. Referred to the House Calendar and ordered printed.

Under the order of the House the Chair recognizes the gentleman from Oklahoma [Mr. McKEOWN] for 45 minutes. [Applause.]

MERGER OF OIL COMPANIES

Mr. McKEOWN. Mr. Speaker, and gentlemen of the House, on yesterday the gentleman from Texas [Mr. PATMAN] called to the attention of this House in a very able and enlightening manner the proposed merger of the Vacuum Oil Co. with the Standard Oil Co. of New York and the proceedings which were taking place. I want to say I know the Attorney General personally and I have a very high regard for him, and he has stated that in his opinion the proposed merger is a violation of the decree. The case originated in Missouri and went to the Supreme Court, and now, of course, the Attorney General has to go into Missouri to try out the question of the legality of this merger. These large business men say that under the antitrust laws they do not know just exactly what they can do and, therefore, as a matter of expediency they have to propose these combinations, submit them, and have a friendly lawsuit to see whether or not the combinations can be made. Of course, there is some force in that argument, but, gentlemen, here was a case in which all of these men were haled into court by the Government of the United States, and the viciousness of their combination at that time was passed on by the Federal courts and was sustained in the Supreme Court of the United States. Yet, here come two units of that once vast organization, that are larger to-day than that whole organization was in 1911, and they propose to consolidate. Gentlemen, it always appears strange to me that these fellows try to find out just how far they can go before they get themselves into trouble. What would you think about a fellow going to the county attorney and wanting to know just how far he could go in taking somebody's property without getting into trouble and have the county attorney act as his adviser and tell him whether or not he could do it before he committed an offense?

There is a good deal of force in the proposition that these business men do not know just how far to go. However, I believe they know how far to go. They merely want to see if the Attorney General knows how far they can go. That is what they want to find out. They know how far they can go; and it reminds me of what happened one time in Congress. A distinguished gentleman tried to interrupt a roll call, and the Speaker said: "The gentleman can not interrupt the roll call." He said: "I know it, but I just wanted to see if you knew it."

So that is the way it is with these combinations. They know how far they can go, but they want to see what the Attorney General of the Government has to say about letting them go.

Do you know what is taking place? Ever since the decision of the United States Supreme Court in the case against the

United States Steel Corporation just after the war, when the Government haled that great corporation before the court upon the theory that they were a monopoly themselves, these combinations have been trying to see how far they could go. The question in that case, as argued for the Government, was that to permit any one company to own 80 per cent of the business of the United States was ipso facto a trust. That was the contention of the United States Government. That case went into the Supreme Court of the United States and there it was held that it was not a trust to own 80 or 90 per cent of the business. I heard the arguments in that case, and when that case was decided I knew then that the economic situation in this country was due to be changed, because from that moment on would grow these combinations in all lines of business, because I stand here and assert that from a practical standpoint there is no difference between the agreement of a group of men to control the prices of articles in interstate commerce than there is for one man to buy out all of his competitors for the purpose of controlling prices in this country.

If a dozen men agree that they will fix the price at which their products will be sold in interstate commerce, then they violate the antitrust law and can be haled into the United States courts and punished either by fines or by dissolution decrees; but if one of them can go out and form a holding company and can put all of the stocks of all these companies into one holding company it is a legal transaction under the law as held by the courts. It is time, gentlemen, for you to give sober thought to the matter of meeting that proposition. Is it not just as much a trust if all the merchants in your little town sell out to one man, so that he can control prices by putting their stores into a combination under one holding company, as it is for them to agree to act together in fixing prices? The day of the independent operator is doomed unless Congress acts. When that day will come I do not know, and I do not know whether the situation can be met by Congress. I am not ready to say as to that. But the time has come when the chain store is driving the little, independent merchant out of business all over this country by reason of the concentration of the control of the purchase and the sale of goods. You are going to have to meet that problem at a not far-distant date. Some of these fellows are heralding themselves as great agriculturists by saying the time is coming when you can take machinery and farm vast areas. Whenever that time comes, gentlemen, the farmers of the country are going to be peasants, and they will be mere tenant peasants, working on crops through the use of machinery.

I did not intend especially to talk about trusts, except to outline what I wanted to follow up in the course of my remarks.

Now, these oil trusts have formed a holding company. They are proposing, if the United States Government will let them do it, to form a combination for the control of the crude as well as the refined products. You have a law commission to investigate crime and lawlessness in this country. If the big business men of this country will get a little more respect for the law in their hearts and set an example, you will have fewer thugs, fewer robberies, and fewer thieves in this country. They have an opportunity to set an example.

Now, what is happening in the United States? The Big Four that sets the price of the crude oil to the independent operators of this country have evidently gone into a world-wide cartel, not only to control things in the United States but evidently to control them in all foreign countries. What is happening? They set the price of the crude production in the United States and at the same time they are spending millions of dollars in developing the great oil fields of Venezuela. Venezuela has been in the field for a long time, but it is only lately that its production has amounted to anything. We now find a production of 136,386,630 barrels in 1929. The Lagunilles field in Venezuela is the most productive oil field in the world. I used to stand around in a sort of proud way and talk about the great Seminole oil field which at that time was the greatest known oil-producing area on earth.

But my great Seminole production faded away when it came in comparison with this Lagunilles field in Venezuela, because on only 750 acres that have been drilled in that territory the production has been 120,000 barrels per acre. Talk about your oil royalties in the Seminole country, why, they fade away when compared with that territory. In two years over 500,000 barrels have been produced in that area of 750 acres, which is at the rate, as I have said, of 120,000 barrels per acre, and only 8 miles of production has been tested out.

The United States last year produced over 1,000,000,000 barrels of oil. In addition to this, we imported 78,932,000 barrels of crude oil. We exported 26,394,000 barrels. We exported gasoline and other refined products amounting to 127,155,904 barrels, and we imported in the same period, including fuel oil, 29,632,365 barrels. We exported from the Pacific coast over 50,000,000 barrels of oil, and we did not import a single barrel into the Pacific coast territory. To Canada, which is considered a part of our North American domestic market, we sent 22,385,000 barrels.

In 1928 we exported from the Atlantic and Gulf ports 69,814,000 barrels of crude and refined, while we imported into these same ports 91,566,880 barrels, an overflow of 21,752,000 barrels along the Atlantic seaboard.

And while we have been going around preaching the doctrine of conservation of oil to willing ears, the Big Four—the Dutch Shell, the Standard of New Jersey, the Pan American Petroleum, and the Gulf Oil Corporation—are rushing their developments in Venezuela.

Why, for years you have heard the cry that we must conserve our oil in this country, and the Congress has been, from year to year, appropriating money to the Bureau of Mines to test out the shales of Colorado to see how much oil there is there.

Why, bless your life, the production of oil has been increasing in the United States just as steadily as the demand has been increasing. There never has been a time when the curve was not going upward, and oil has been produced in this country and is now being produced where it was never dreamed it would be produced. So, gentlemen, it is a wild theory that we have got to conserve oil.

Why have these big companies been glad to hear the doctrine of conservation? Because while we are conserving the oil in the 20 States of the United States that produce oil, they can go down here to Venezuela and South America—and there are untold possibilities in South America—and bring in their cheap oil.

This does two things. It cuts the price of the oil at the well where we produce it, whether it is in Michigan or Oklahoma, to meet the price of the cheap oil they bring in from Venezuela or Mexico; and what is the result? They do not cut the price of gasoline. You can just bear that in mind. They cut the price of crude oil, but they never cut the price of gasoline.

It is estimated that while we are trying conservation, which is without any rime or reason, the major oil companies of the world, including those of the United States, Great Britain, and Holland, are spending $100,000,000 in Venezuela. The sad part of it is that there is evidence of a world-wide agreement, a cartel, by which these corporations are to go out and arrange the price all over the world. Although the big companies are buyers of the United States crude, on the plea of increased production of crude in the United States, they have from time to time cut the price, but at no time has there been any evidence of any cut in the price of the gasoline sold in the great cities of the United States and throughout the Atlantic seaboard.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'CONNOR of New York. There is a difference in the price of gasoline sold in the city of New York. At the present time there is quite a war on there between the Standard, the Shell, and the Richfield. There is very active competition and they are cutting the price. There are different prices for different gasolines.

Mr. McKEOWN. Yes; but that is a temporary price, and when some fellow they want to put out of business is put out, they will put the price back.

Mr. PALMER. Will the gentleman yield for a question?

Mr. McKEOWN. Yes.

Mr. PALMER. I want to ask the gentleman if he does not think this conservation plan has not only paralyzed the oil business in the way of development by the little men, but has had a great deal to do with the stagnation of business in the oil country?

Mr. McKEOWN. Absolutely. The gentleman is right and I thank him for his contribution.

Mr. PALMER. In the gentleman's judgment, if there is any class entitled to a tariff to protect them, is it not the oil men?

Mr. McKEOWN. There is no question about that.

Mr. PATMAN. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. PATMAN. May I invite the gentleman's attention to the fact that the New York Times of to-day discloses the fact that in Brockton, Mass., a few days ago the district attorney got the grand jury to return bills of indictment against the Standard, the Texas, and several other companies for destroying competition in that city, under a pretense and claim that they were selling different kinds of gasoline at a different price. They

analyzed the gasoline and discovered it was all the same gasoline and the grand jury thereupon returned bills of indictment.

Mr. McKEOWN. I thank the gentleman for his contribution.

Mr. PALMER. Will the gentleman yield for one more question?

Mr. McKEOWN. I yield.

Mr. PALMER. In the gentleman's judgment, what would be an adequate tariff to protect the oil industry in the oil fields of his country?

Mr. McKEOWN. My answer to that would be the difference between what it costs to produce the oil in this country and what it would cost to put it on our shores from a foreign country, which would be $1 a barrel.

Mr. ABERNETHY. Will the gentleman yield to me?

Mr. McKEOWN. I yield to the gentleman.

Mr. ABERNETHY. As I understand, the gentleman is in favor of a tariff for domestic oil?

Mr. McKEOWN. I am in favor of a tariff on imported oil; yes.

Mr. ABERNETHY. I do not want to be critical of the gentleman's argument, but I wondered if that would not have a tendency to increase the price that the people pay for gasoline?

Mr. McKEOWN. I think I can satisfy the gentleman that that will make no difference at all.

Mr. ABERNETHY. What I want is for the gentleman to show us some way how to get gasoline cheaper.

Mr. McKEOWN. I think I can show the gentleman.

Mr. O'CONNOR of New York. That would be 100 per cent tariff, because the price is $2 a barrel and the normal domestic price is $1.02.

Mr. McKEOWN. The cost price in the United States is $2.46.

Mr. O'CONNOR of New York. That is due to the competition of foreign oil.

Mr. McKEOWN. This foreign oil costs 75 cents delivered at our coast. There is no evidence that there has ever been any cut in the price of gasoline, although they say that they cut the price of crude oil; and they not only cut the price of crude oil but they add insult to injury by importing 100,000,000 barrels of foreign oil and destroy domestic production.

It is apparent that there is a world-wide oil cartel, otherwise these big companies would be willing to stop the importation of Venezuelan oil. They are apparently willing that the Royal Dutch Shell, the largest foreign oil company in the world, one-half of whose stock is owned by the British Government—they are willing to have them come in and sell the bulk of their gasoline to the American people when 50 cents of every dollar of profit that they make goes into the hands of the British Government. You are taxing the American people to support the British Government, in an indirect way.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'CONNOR of New York. I only know the situation in New York. Everybody knows that there is a violent war on between the Standard Oil of New Jersey and the Dutch Shell; that is obvious by the way they are going on there. The prices are different. They are fighting each other.

Mr. McKEOWN. Oh, I know how they fight; they are old offenders in the fighting business. Having got their competitors where they can not do anything they make it up when they raise the price. I say there is some agreement between the Standard and the Dutch Shell.

There is no justification in taxing the American people when 50 cents of every dollar profit goes to the British Government. I do not see how you are going to stand for that proposition. The Shell has authorized an increase from 173,000 barrels refinery capacity to 250,000 barrels capacity in Venezuela, the bulk of which comes to this country. It looks to me as if it was hard enough for the American taxpayers to support their own Government without paying toll to some foreign country.

Mr. ABERNETHY. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ABERNETHY. I am very much interested in what the gentleman is saying. Ordinarily, I would favor looking out for the American citizen. But I wonder how you are going to do that and still give us a lower price on gasoline and oil.

Mr. McKEOWN. If the gentleman will have patience with me, I will show him.

Mr. ABERNETHY. I am willing to be patient.

Mr. McKEOWN. This foreign, British-owned company can produce oil in Venezuela at a cost of from 11 to 18 cents a barrel. The native laborers are paid a dollar a day in American money. The drillers get $400 a month, room, and board. They buy all of their machinery and pipe in an unprotected market. A majority of it comes from Belgium and Germany. Our people in this country buy all of our steel supplies and our thousands and thousands of dollars' worth of steel in this country and contribute a tariff to this industry.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. HASTINGS. I wish the gentleman would make it clear that the independent companies are not importers of oil from Venezuela; that it is confined exclusively to these large companies.

Mr. McKEOWN. Yes; I am glad the gentleman reminded me of that.

Mr. HASTINGS. And another thing I want to make clear is, that if the amount of oil and refined products be curtailed, still there would be no depreciation in the oil industry in the United States if the entire domestic market were given to the producers in this country.

Mr. McKEOWN. There would be no depreciation and there would be no shortage; there would be plenty of oil and no reason to raise the present price of gasoline.

Mr. CROWTHER. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. CROWTHER. Is it true that one of the largest importing corporations is really an alien corporation?

Mr. McKEOWN. I just stated that the Royal Dutch Shell Co. is owned by the British Government, to the extent of one-half, and that half of every dollar profit in this country goes to the British Government. They bring in that cheap oil and oil products to this country to compete, not against the big oil companies that retail the gasoline, but they lower the price of the crude oil that the little independents make and produce in this country. In the midcontinent field it costs $1.70 per barrel, made up of the following items: Lifting expense, which is the expense to bring the oil from the well to the top of the ground, 57 cents a barrel; overhead, 20 cents; general expense of leases, 70 cents; depreciation of machinery, 23 cents; pipe line to the Atlantic coast, 76 cents; making the total cost of the oil $2.46 delivered on the Atlantic seaboard, while they are now being paid $1.20 a barrel for the oil. That is the situation. They are receiving $1.20 a barrel for oil that costs $2.40 to be put on the Atlantic seaboard. The Venezuelan oil costs 40 cents a barrel to deliver to the deep-water terminal, and then it costs 35 cents from there to the Atlantic seaboard, making a total cost of 75 cents, as against $2.46 in the fields of Oklahoma and the Middle West.

Mr. CROWTHER. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. CROWTHER. Is there any truth in the assertion made during the hearing and by some of the people who have been writing to us that this will not in the last analysis be beneficial to the independent small operators; that the reason for this price fixing, and so forth, is because the big companies own the refineries and the little fellows must be compelled to sell oil to them eventually? Is there any truth in that statement?

Mr. McKEOWN. No. The story goes in this way: The big fellows let the little fellow take the chance of finding oil, of doing the wild-catting. If anyone loses money, well and good. They do not take any chances. When the little fellow finds oil, then they rush in and take over the situation, and if this tariff is not put on, this importation is not stopped, the little independent fellow, the little fellow that is helping you now hold your price down to as low as it is, will be wiped out of the picture and you will have the world cartel fix the prices, and they will fix it for all time.

Does the American consumer get any advantage in the lower price of gasoline? He does not get any advantage at the present time. Let us see what he gets. Although the crude price has been cut from $2.04 in February, 1926, to $1.20 in February, 1929, yet the price of gasoline at the service station, including the Dutch Shell in 52 large cities in the United States, less the gasoline tax, in February, 1926, averaged 18.9 cents a gallon, and in February, 1929, 18.39. It is higher than it was before they cut it, and I can give you an illustration. For the benefit of the gentleman from New York [Mr. O'CONNOR] I will give him the prices as compared with New York, to show whether there is any change.

Mr. O'CONNOR of New York. In that period there has been a lot of fluctuation. The price has been down to 12 cents and 16 cents.

Mr. McKEOWN. I am talking about the average price. There has been fluctuation in price all over the United States. We have 52 cities. In Washington City the price is 18 cents.

Mr. EATON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. EATON of Colorado. Is it the gentleman's contention that this is caused by competition between the Shell Co. and the Standard Co., or by agreement between the Shell Co. and the Standard Co.?

Mr. McKEOWN. My contention is that they have a perfect agreement. They have the territory laid out. The Shell operates in the United States and the Standard operates, and these companies go into their territories, and they have an agreement, because otherwise there would be no reason why the Standard permits the Shell to come in here and bring this cheap gasoline from Venezuela and put it on the market, but the Shell puts it on the market at the same price that they get here. The Shell will not cut the price.

Mr. PALMER. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. PALMER. Does not the gentleman believe that this cheap price is due to the fact that the foreigner sends in such a great supply at such a reduced price that he simply puts our men out of the field?

Mr. McKEOWN. They can drive them out by the price.

Mr. PALMER. They can not keep up with them if they do not get protection; it will destroy them.

Mr. McKEOWN. Absolutely.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield there in that connection?

Mr. McKEOWN. Yes.

Mr. ABERNETHY. I do not understand that anybody happens to be getting a cheap price of gasoline.

Mr. McKEOWN. That is not the case. It is the cheap price of crude oil that I am talking about.

Mr. ABERNETHY. Is there a deficit of crude oil? Can the gentleman work out a plan by which you can get a fair price for gasoline? That is what we are interested in.

Mr. McKEOWN. The price of gasoline at the filling station has not been cut by putting in effect improved methods. Nowadays we are able to take more gasoline out of a barrel of oil than was possible heretofore. That fact of itself ought to have reduced the price of gasoline, but it did not do it. These companies bring in the foreign oil in order to use that as a lever to force down the price of crude oil to the little operators in the field, and then they squeeze the consumer, the foreign business is included, and they maintain the price of gasoline here. The consumer does not get any advantage of the great quantities of crude oil coming in, but if we put on a tax to stop the crude, the thing I have in mind is whether that will augment the price of gasoline to you.

Mr. ABERNETHY. Yes.

Mr. McKEOWN. If they stop this crude oil we will have plenty of crude oil here, and it stands to reason that even if they were to raise the price to $2.04 that will not have that effect. But you say, "Will they do it?" Are you willing to permit them to put out of business forever the independent operators now in business in this country who are the only ones that are holding back those great combinations and big oil companies from absolutely dictating and dominating everything? The only reason why they do not charge 25 cents is because of the little independents.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'CONNOR of New York. Can the gentleman explain why the price of gasoline in New York City was 23, and 24, and 25 cents?

Mr. McKEOWN. Yes. They do that in spite of the fact that domestically we increased our production to a billion barrels, which is the most ever produced in the country, and our production has equaled the demand; and if they charge the gentleman's people 23 cents in New York City at any time while they pay our fellows $1.20 for the crude they are simply squeezing the people of New York.

Mr. O'CONNOR of New York. Why do the independents also increase the price?

Mr. McKEOWN. Those are the big ones.

Mr. O'CONNOR of New York. No; many of the refiners do that.

Mr. McKEOWN. If they charge 18 cents, they still make a profit. They are still paying dividends. But there are no real independents. Does the gentleman know of any independent companies?

Mr. O'CONNOR of New York. Oh, yes; I do; several of them.

Mr. McKEOWN. There are a lot of so-called independent companies who are parading themselves around as "independent" companies, but the stock is held on Wall Street.

Let me read you the retail gasoline prices in representative cities of the world as of September 30, 1929. I read:

Retail gasoline prices in representative cities of the world as of September 30, 1929

Country	City	American money
		Cents per gallon
Argentina	Buenos Aires	35.1–48.1
Australia [1]	Sydney	46.5–48.6
Colombia	Bogota	61.7
Cuba	Habana	28.0
France	Paris	34.3
Germany	Munich	28.9
Italy	Genoa	40.7
Mexico	Vera Cruz	31.8
England [1]	London	34.5
Venezuela	Caracas	32.8
United States	Washington, D. C.	18.0

[1] Price per imperial gallon which is approximately equivalent to 1.2 U. S. gallons.

NOTE.—Authority, Department of Commerce.

Mr. ABERNETHY. The gentleman must not think I am trying to heckle him. But in other countries I understand the price is higher, and how does he expect now to increase the price for domestic companies and at the same time reduce the price of gasoline unless you do away with some of these combinations? How can you increase the price and still lower the price? That is the question.

Mr. McKEOWN. If you do not stop this inflow of foreign oil, then every independent operator who to-day receives $1.20 a barrel for his oil goes out of business.

Let me call your attention to another fact: Irrespective of the price of gasoline to the consumer, if you do not stop the importation of this foreign oil, you are going to lose 300,000 little wells in this country that have a daily production of 500,000 barrels of oil. You have them in Pennsylvania and in Ohio and in West Virginia and all the oil States. In order to keep these little wells going an arbitrary price is fixed on the oil in certain old States to give them a market price. That is true of Pennsylvania and West Virginia oil.

Mr. HASTINGS. If one of these small wells gets water in it, that oil is destroyed, and another drilling will be required.

Mr. McKEOWN. Yes. Whenever the oil has gotten down to the cheap price it brings now, these men who own the little wells that have produced for 10 or 15 years will produce indefinitely a few barrels per day, provided you pump the wells at regular intervals. If you do not pump the wells, the water will get into them, and when the water gets in they will be gone forever.

If you do not stop the inflow of this enormous quantity of Venezuelan oil into this country you are going to lose those 500,000 barrels, which are the backbone of the production. The oil will at first flow from water pressure or gas pressure, but when that quits, then you have got to pump it, and when you get to pumping it your expense commences; you pump it and it becomes a settled production, and that is the backbone of the great oil production of this country to-day. This idea that a flowing well is a great thing is not the main backbone, and I say that if you do not stop the importation of this oil by putting a protective tariff on it these 300,000 wells in the United States will be taken off the map and they will not be coming back.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. Can the gentleman tell us what it costs per barrel to produce the oil from these 300,000 oil wells?

Mr. McKEOWN. I can not give the figures exactly. The gentleman is better informed than I am on that matter and knows much more about the small wells.

Mr. SPROUL of Kansas. It is about $1 a barrel, is it not?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. For the 300,000 wells?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. Then, what is it per barrel that the imported oil costs in its production?

Mr. McKEOWN. It costs 18 cents.

Mr. SPROUL of Kansas. Per barrel?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. Then, as I understand it, the bringing into this country of the Venezuelan-produced oil that costs 15 or 20 cents per barrel brings that oil into competition with oil that in the United States costs $1 per barrel to produce?

Mr. McKEOWN. Yes; there is no question about that.

Mr. SPROUL of Kansas. If that is continued, it is the contention of the gentleman that the producers operating small wells will have to go out of business?

Mr. McKEOWN. They will have to go out of business and go out of business to stay. They will not come back again. If

they go out of business there will not be any coming back; they can not pump it back and they can not drill it back.

Mr. SPROUL of Kansas. The independent refineries throughout the United States purchase their supply of crude oil from the independent producers?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. If the independent producer who supplies the independent refineries throughout the country is put out of business, what will become of the independent refineries?

Mr. McKEOWN. They will go out of business.

Mr. SPROUL of Kansas. Then the five or six mammoth companies that own the big pipe lines and the transporting companies from the South American oil fields will have the exclusive oil business of the United States?

Mr. McKEOWN. Yes; and they will have the situation just as they want it.

Mr. HASTINGS. And, of course, that will enable them to raise the price of gasoline to the consumer?

Mr. McKEOWN. Yes. They have been at that game for a long time and they know how to operate it. They can put an independent retail station out of business by cutting prices and then make it back in a few weeks. They are very apt at that sort of business.

Now, here is an advertisement of the Shell Co. This advertisement is now being published in many of the papers of the country.

Mr. JONES of Texas. In what paper did that advertisement appear?

Mr. McKEOWN. This appeared in the Washington Star of Monday, February 24. This shows how much they are advertising and what they are doing. Now, this conservation doctrine is a mere snare and delusion. Our supply of oil in this country is sufficient for many years to come, and the big boys are tickled to death to hear our highbrows talking about the conservation of oil in the United States. They are going to Venezuela, and let me show you some of the gigantic operations they are carrying on in South America. The Creole Petroleum Corporation, which is owned by the Standard of New Jersey, has leased 7,071,000 acres in Venezuela. The Pan-American and the Lago Oil & Transportation Co., which is the Standard of Indiana, has 3,100,000 acres. The Gulf Oil Co., which is Mr. Mellon's corporation, owns 108,000 acres. The Sinclair Co. owns 1,001,000 acres. The Pantapec Oil Co. has title in fee to 3,384,604 acres, and of this amount 1,599,936 acres have been transferred to the Union Oil Co., the Texas Co., and their subsidiaries.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. McKEOWN. There are many other companies that I have not the time to mention. Here is what you are going to do. You are going to let this oil come into this country until you destroy the backbone of the oil industry of America by destroying 300,000 small wells that produce 500,000 barrels a day.

Mr. JONES of Texas. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. JONES of Texas. The company that is advertising, I believe, the Dutch Shell, is a British-owned corporation, is it not?

Mr. McKEOWN. Yes; they own half the stock, 50 per cent.

Mr. JONES of Texas. The British Government owns more than half the stock? And it is practically a British-owned concern all the way through?

Mr. McKEOWN. There are American owners also, and American subsidiaries.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. SPROUL of Kansas. Is it a fact that the Dutch Shell imported 20,000,000 barrels of crude oil during the past year, which was approximately one-fourth the total amount imported?

Mr. McKEOWN. That is my understanding.

Mr. HASTINGS. And will the gentleman emphasize the fact that only a small portion of the holdings of these companies in Venezuela have been developed?

Mr. McKEOWN. Yes; a very small part.

Mr. HASTINGS. Something like 8 or 10 miles?

Mr. McKEOWN. Yes. And these fields are the richest oil-producing fields in the world.

Mr. HASTINGS. And they are, therefore, capable of unlimited development?

Mr. McKEOWN. They are capable of unlimited development for a long time to come.

Mr. HASTINGS. And the importations largely increased last year, and they are still increasing?

Mr. McKEOWN. Yes; they increased 33⅓ per cent.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. O'CONNOR of New York. I have heard it stated many times that the Dutch Shell Co. is 50 per cent British owned, and I want to get the RECORD clear, as I am only interested in the consumers of New York. The Shell Co. is operating in New York as a domestic corporation and is operating in California, as I understand, as a domestic corporation, issuing American securities bought by the American public.

Mr. McKEOWN. Yes.

Mr. O'CONNOR of New York. Now, it may be theoretically true, I do not know what the facts are, that these American companies are owned by a parent company. I do not know that that is the fact, but I do know that Americans are furnishing the capital and buying the securities of these American Shell companies.

Mr. McKEOWN. That is true. They came here and operate in the State of Oklahoma. It was a fine, profitable property, and has paid its American owners handsomely.

The oil producers of this country pay the highest wages. Our oil people pay the highest wages of any industry. We have the highest class of workmen and we have such satisfactory workmen and they are so well satisfied that they have never thought of unionizing. Our oil men throw their individuality into their business. They go out to the fields and they know their men personally. They have a loyal set of men. But what is the situation now? You find this industry paralyzed. The industry shut down and every store, every farmer, every workingman, every man in that field is facing a crisis right now. They have shut down their oil wells and have lost thousands upon thousands of dollars in their effort to go along with these people, and these people agreed with them, that they would enter into the conservation program, they would hold up the prices, but they cut the price on crude oil. That is the kind of treatment they got.

Now, it is in the interest of the American consumer to see that this situation is stopped. [Applause.] It is in the interest of the American consumer to see that we do something in this matter. Unless a tariff of $1 per barrel is put on, the independent producer is gone. He is going to disappear from the prairies of the midcontinent field, just like the buffalo disappeared from those prairies 50 years ago, and he will go just like the buffalo—he will go with his hide skinned and his bones left to bleach there for the balance of time. [Applause.]

The SPEAKER pro tempore (Mr. ANDRESEN). Under the order of the House, the Chair recognizes the gentleman from Georgia [Mr. LANKFORD] for 30 minutes.

CANAL ACROSS SOUTH GEORGIA AND NORTH FLORIDA

Mr. LANKFORD of Georgia. Mr. Speaker, ladies and gentlemen of the House, there is every reason for a canal across south Georgia and north Florida, and I believe it will be constructed in the near future. I know of nothing in a legislative way, with the exception of genuine farm relief legislation that would prove so beneficial to my people. For several years I have put my best efforts on the farm-relief legislation and the canal proposal. I fully realized during the last administration there was no chance to enact a canal bill at that time. I believe, though, that now the time is here for action. I am convinced this canal will be built in the near future; I am not sure, though, just where.

When a highway or a railroad is to be built, the question arises as to the route. So it is with a canal. This is primarily a question to be answered by the engineers and can only be determined by proper surveys. I am glad these are to be made so this all-important question can be properly settled. When this is done the first important step will have been taken.

Soon after I came to Congress I introduced a bill for a survey to determine the practicability of joining the Flint and Ocmulgee Rivers by a barge line, thus making a water transportation line from the ocean to the Gulf. At that time I made several speeches on the subject setting forth my views. Some people criticized me and urged I was fighting south Georgia on the canal project. Let us see if I was. If the barge line was constructed along the route then proposed by me, it would touch broadside or cross at least 17 south Georgia counties, including Glynn, Wayne, Appling, Jeff Davis, Coffee, and Irwin Counties in my district, would pass through the very heart of south Georgia and become a most valuable asset to the entire State. Anyone who will study the map will see the feasibility and importance of the route first suggested by me and of many other routes which are to be studied. All I have sought is a study of every possible practical route and in the end the selection of

the best route. This is a proposition of nation-wide importance, and I am only human when I hope that the best route will be located where it will benefit the largest possible number of my people.

Mr. Speaker, some time ago I put a plat and some remarks in the CONGRESSIONAL RECORD indicating several routes I wanted considered and only a few days ago I introduced a bill suggesting several other routes I also wish to be studied.

I now wish to discuss these new proposals for the benefit of the House and to indicate why I desire these surveys. I shall not now discuss those routes in my recent bill which are identical with those in my former bill and which are covered by plat put in the RECORD some time ago. Of the new proposals let me first discuss route (b), which is as follows:

Westward along either the St. Marys or Satilla River to a point to be selected on either near Folkston, Ga.; thence in a westerly course along the most practical route near or via Valdosta, Quitman, Thomasville, Cairo, and Bainbridge, Ga., to the Flint River.

This route would be just as valuable to Georgia counties touching the St. Marys River as any other route, and would cross, in addition, counties in south Georgia, as follows: Ware, Clinch, Echols, Lowndes, Brooks, Thomas, Grady, and Decatur. This route would run east and west, and is the shortest distance between the navigable waters of the St. Marys and Satilla Rivers and the navigable waters flowing into the splendid harbor on the Gulf, at the mouth of the Apalachicola River. I honestly believe this route is better, from every standpoint, than many of the other routes that have been suggested.

What is wrong with my asking for a study of this route, and who in the cities of Valdosta, Quitman, or Thomasville, or the other territory along this route will be very mad if this canal, connecting up one of the greatest waterways of the Nation, is constructed by their front gate? I am sure I would be happy for this route to be used.

Now, let us consider route (c), as follows:

Westward via the Satilla River to a point on said river as far north as the northernmost part of the Okefenokee Swamp, thence in a westerly direction near or via Homerville, Du Pont, Lakeland, Hahira, Coolidge, Ochlochnee, and Bainbridge, Ga., to Flint River.

This is one of the most interesting routes yet suggested. Either the St. Marys or Satilla Rivers or both would be the eastern terminus. The canal would run either through the northern part of, or just north of, the Okefenokee Swamp and thence westward to the navigable waters of the Flint River. It would pass near or by St. Marys, Woodbine, Folkston, Homerville, Du Pont, Stockton, Lakeland, Hahira, Coolidge, Ochlochnee, and Bainbridge, Ga. It would be so close to Waycross, Valdosta, Quitman, Nashville, Ray City, Adel, Sparks, Hahira, Moultrie, and Thomasville as to greatly reduce their freight rates and be as beneficial as if it passed within their corporate limits.

It might be found best to follow the Atlantic Coast Line Railway after reaching it at or near Homerville. Then, again, if it should run due west after getting past the swamp, it would probably cross the railroad at or near Du Pont, going near Lakeland, Hahira, and so forth. This route has a sentimental appeal to me, as it would pass through the section where I was born and reared, where I taught country school, and where most of my relatives live. Of course I know this will have nothing to do with the selection of the route. One great advantage of this route is its level surface and the ease with which an abundance of water can be obtained, both by seepage and from small streams, ponds, bays, and creeks. I am sure a survey of this route will establish many reasons for its adoption. Practically all the streams entering the Okefenokee Swamp are from the north, and would be crossed by this route, thus utilizing their waters for canal purposes before they enter the swamp.

Then, again, this canal would be a valuable adjunct in connection with the drainage of much valuable land in a half dozen south Georgia counties. I am asking for this route to be surveyed and stand on its merits. I want the best route to be selected, and I shall be for that route wherever it may be.

Much has been said about the Gilmore survey, which was authorized when I was 6 months old and was made while I was yet a baby; and many people believe that survey is authority for the idea that there is only one practical route for the canal and that is by tieing together the St. Marys River and the Suwanee River, and thus utilizing the St. Marys into the Atlantic Ocean and the Suwanee into the Gulf. It is urged that the canal is practically ready for use by means of these rivers, and that with a little work vessels can sail up the St. Marys, into and through the Okefenokee, into the Suwanee, and thence along the Suwanee to the Gulf of Mexico. This is all a mistake, for three reasons: First, no one has ever suggested using the St. Marys River any farther than near Folkston, Ga. This is only about one-third of the length of the river from the Atlantic Ocean to the Okefenokee Swamp. The other two-thirds of the river is entirely too crooked, does not run in the right direction, would require very expensive development, and would make the total length of the canal too great. It will be seen by reference to the map that the St. Marys River leaves the Okefenokee in a channel going in a southerly direction and does not change its course until it is almost as far south as Jacksonville, Fla.; then it flows east for some distance toward Jacksonville and the mouth of the St. Johns River, but before reaching the St. Johns River it changes its course northward, and after flowing nearly to Folkston it again changes and flows eastward into the Atlantic Ocean. Thus it is that neither General Gilmore nor anyone else familiar with this river ever advocated using any part of the river for a canal, except the splendid stretch from the ocean to the big bend near Folkston, Ga.

A second physical fact not generally known is that the Okefenokee Swamp is higher than the surrounding country and is the highest land covered by the Gilmore survey between the Atlantic Ocean and the Gulf of Mexico.

In the case of a sea-level canal the deepest excavations would be in the Okefenokee Swamp and in the case of a barge line the vessels would have to be lifted by locks in order to get them high enough to enter the swamp level and would have to be lowered by locks in order to get them back to the lower levels between the swamp and the end of the canal.

A third reason why these two rivers will not be tied together and each utilized in whole as parts of the channel of a canal is in the fact that the Suwanee River is too crooked, does not run in the right direction, empties into the Gulf too far south and neither Gilmore nor any other one else, giving careful study to the geography of the country, has ever advocated such a use for barge purposes.

The sea level canal route recommended by Gilmore, only crosses the Suwanee once but does not follow its channel. The barge line recommended by Gilmore only crosses the Suwanne in or near the edge of the swamp and does not again touch the Suwanee River.

It will be seen by an inspection of the map attached to the Gilmore report that the barge line recommended by him is identical with the barge line suggested by me from the St. Marys River via Valdosta and Quitman, etc., to the Flint River, except that the Gilmore route after reaching the western edge of the Okefenokee Swamp changes to a southwesterly direction going into Florida and to St. Marks, whereas my route could continue westward via Valdosta, Quitman, and Thomasville to the Flint River near Bainbridge.

My route is much shorter, would serve the same cities in Georgia as the Gilmore route and in addition cross several other splendid south Georgia counties.

Few people realize the fact that the barge line recommended by Gilmore proceeds from the Atlantic Ocean directly toward Valdosta nearly two-thirds of the distance to Valdosta before changing its course and that the route by Valdosta suggested by me would be across level land where a canal can be easily constructed, with abundant water supply; whereas the St. Marks route is a longer course into and through Florida where the terrain is not so level, where the surface is ofttimes underlaid with limestone and difficult to excavate and where there is serious question about a canal holding water on account of lime sinks and subterranean channels.

General Gilmore in his report quotes Lieutenant Smith, of the United States Army, who studied the Florida route in 1855, as saying:

The rotten limestone is said to be easily excavated when first uncovered and to harden by exposure to the air. Its thickness is unknown. It probably rests upon (if it is not formed from) the coral beds which underlie a great portion of the peninsula. Its impermeability and fitness to form the bottom and slopes of a canal are, to say the least, doubtful. The reports refer to it as porous and easily permeable to water. The water absorbed by the soil appears to pass off in great part above the limestone, yet the smaller rivers not infrequently sink in it and flow through subterranean passages.

General Gilmore further says:

Along the Gulf shores toward St. Marks the limestone is not more than 5 to 15 feet below the surface of the ground.

Again General Gilmore says:

While the upper stratum of the peninsula is generally sandy on both sides of the Florida ridge, to a depth of at least 5 or 6 feet, the substratum is not the same on both sides. On the eastern it is clay mixed with a great deal of sand; but on the western side it is throughout a

kind of stratified rotten limestone, presenting frequent outcrops on the surface, in many places undermined by streams which sink abruptly and force their way through the cavernous parts of the mass, to resume, at some distance away, their natural course upon the surface.

In this connection let me state that General Gilmore in speaking of the sand and clay found in south Georgia and north Florida says:

The sand is mixed with sufficient clay to render it water-tight when puddled.

Again he says:

The clay is firm, tough, and impervious to water.

If the Gilmore survey did not change its course near the western edge of the Okefenokee Swamp, but continued due west as it proceeds through the swamp near the northern end of Billies Island, it would pass about 6 miles north of Fargo, Ga., about 10 or 12 miles south of Homerville, Ga., getting nearer the Atlantic Coast Line Railway all the while and probably reaching it near Naylor, Ga., and then proceeding westward to the Flint River and the harbor at the mouth of the Apalachicola River.

I can not understand why Georgia people should criticize me for seeking this survey. I have also been criticized for urging a survey to determine the feasibility of using the Satilla River as the eastern terminus of the canal.

I am again ready to cite the Gilmore survey as one of my authorities for asking a survey of this route. From the Gilmore report, as contained in Senate committee print, Sixty-fifth Congress, second session, page 31, I quote as follows:

It is not certain from the information gained that the St. Marys River is superior to the Satilla for purposes of improvement for ship navigation. At a point 27 miles from Cumberland Sound they are only 4½ miles apart, and it may be deemed best to make a canal connection across this neck and use the Satilla. Both these streams require to be carefully examined.

This citation is in support of various routes suggested by me in which the Satilla River would be the outlet to the Atlantic Ocean. As suggested, it may be best to use both the St. Marys and the Satilla Rivers as eastern terminii.

I wish to quote again from the Gilmore report, and from the same page just named, as follows:

An examination should also be made of the Gulf coast in order that the best site for an artificial harbor may be selected, although there is probably not much choice in this respect at or near the terminus of the shortest canal line.

Gilmore was right about harbor facilities, and it is now settled that any barge line adopted and built must use St. Georges Sound at the mouth of the Apalachicola River as the western or Gulf terminus.

Every route suggested by me is recommended with the view of endeavoring to find the best route from the Atlantic Ocean to this excellent and only available harbor.

It is so easy for us to get an erroneous idea about directions and distances. Very few people realize that Valdosta, Quitman, and Thomasville are all on or very near a direct line from the navigable waters of St. Marys River to the nearest navigable waters—the Flint River—entering the splendid harbor at the mouth of the Apalachicola River, which all concede must be the western or Gulf terminus of this cross-country barge canal. Very few people realize that the mouth of the Satilla River at St. Andrews Sound, Du Pont, and Hahira, Ga., are all on a line running due east and west, and yet the thirty-first parallel of north latitude runs through all three of these points and continues westward near the northern boundary of Lowndes, Brooks, and Thomas Counties, in Georgia.

Mr. Speaker, I wish every person in Georgia who is interested in this canal would study the map placed in the RECORD by me and also his State map and realize the pretty combinations of rivers and terrain that enter into the selection of this canal route. I know very little about surveying, but I want those who do know to solve this problem.

I shall not at this time discuss the other routes proposed by my recent bill, as they are either discussed and presented in my map and remarks put in the RECORD some time ago, or they are extensions of those routes. In other words, some of the routes first suggested by me use either the Aucilla or Ochlochnee Rivers as a means of entering the Gulf. My last bill would extend all these routes to the Flint River. I am not abandoning any route. I am asking for a survey of the entire field, including every route suggested by me and all other routes that the engineers may deem advisable.

Without discussing at this time, I will merely read the other routes as set out in my bill that are extensions of routes previously proposed by me. Here they are:

(d) Westward from Brunswick Harbor along Turtle River as far as practicable, thence to the Satilla River at or near the eastern corner of Pierce County, Ga., thence along the Satilla River to a point on said river near Pearson, Ga., thence in a westerly direction along the most practical route near or via Nashville, Sparks, Adel, and Moultrie to the Flint River.

(e) From a point on the Satilla River at or near Waycross, Ga., along the Atlantic Coast Line Railway to the Aucilla River at or near Quitman, Ga.

(f) From the Satilla River at or near Pearson, Ga., via or near Nashville, Sparks, and Adel to the Ochlochnee River at or near Moultrie, Ga.

(g) From the Ocmulgee River at or near northwest corner of Coffee County via or near Ocilla, Irwinville, Tifton, Ty Ty, and Bridgeboro to Flint River at or near Baconton, Ga.

Many people have suggested to me that the last route, just mentioned, is impractical as there would not be sufficient water supply for the higher levels of the canal. Of course, if the canal should be constructed on a level with the rivers to be connected or with some of the larger streams and rivers it crosses, there would be an abundance of water. Then, again, there could probably be enough water impounded in some stream or water basin on the upper level to amply supply the canal. There is still another sure method of securing all necessary water and that is by constructing either a siphon or diversion canal from some place upstream on either the Ocmulgee or Flint Rivers, by beginning at some place sufficiently higher than the highest point on the canal and bring sufficient river water to the highest level of the canal. Thus it is I have absolutely no apprehensions along this line.

Mr. Speaker, I have been most anxious all the while to ascertain the very best location for this proposed canal across south Georgia and north Florida. I have consistently and conscientiously sought a survey to settle this question. Even though I have been misunderstood, I have fought on for a study of the whole field so as to determine just where the canal should be constructed. When the last river and harbor bill was under consideration I considered seeking a definite authorization of several surveys with the view of determining the relative feasibility of each. I found that a general authorization of a survey from Cumberland Sound to the Gulf of Mexico could be obtained without a fight and the incident complications and that if I sought a definite authorization for surveys of several routes complications might arise and we might lose even a general authorization. I had some fear that the general authorization, coming as it did in connection with the intracoastal canal, might be construed to authorize the survey only along the coast and hence around Florida.

I discussed this angle of the authorization with the gentleman from Florida [Mr. GREEN], and we decided that the item would secure the survey of an overland route. This discussion was by private conversation on the floor of the House while the river and harbor bill was being considered and before this item was reached. At that time each of us was sure the item then being included in the river and harbor bill would authorize the survey of the more direct routes. I was anxious for the authorization to be construed as sufficient to cover all routes through Georgia as far north as the one suggested to connect the Ocmulgee River with the Flint River just south of Macon. I am glad the construction so much desired by me has been held fully justified under the Cumberland Sound-Gulf of Mexico provision.

Mr. GREEN. Will the gentleman yield?

Mr. LANKFORD of Georgia. I will gladly yield to my good friend.

Mr. GREEN. I recall our discussion of this survey just before the item was reached in the bill, and I am glad it has been construed to authorize a survey of all routes in north Florida and south Georgia.

Mr. LANKFORD of Georgia. I am glad we are in thorough accord on the matter and I feel that this is a problem for the engineers.

Mr. Speaker, all important legislation is the result of compromise. We all gain and we all lose. A Member gains by getting his idea, amendment, or bill inserted in the general bill that passes; but the effect of his victory is lessened by the insertion of proposals of others with contrary or additional desires and views.

So it was with my colleague from Florida [Mr. GREEN] and myself when the provision for a survey from Cumberland Sound to the Gulf was inserted in the last river and harbor bill. Mr. GREEN was seeking the survey of routes, all of which, or the principal part of which, are in his district in Florida, and I was seeking the survey of every possible route through

or bordering on my district. The result was the insertion in the river and harbor bill of a provision authorizing a survey of all routes. In this way all our bills passed, for we secured the enactment of all our measures and I only lost by not being able to exclude the surveys entirely within Florida desired by Mr. GREEN, and Mr. GREEN lost by not being able to exclude or prevent the surveys across my district which I so much desire. All of us have feared that the authorization in the last river and harbor bill did not authorize as extensive and definite surveys of the various routes as is necessary. So we have again introduced canal bills pending the preparation and consideration of the present river and harbor bill.

I have introduced and am fighting for bills for the survey of the St. Marys-St. Marks route and every possible route north thereof that runs through Georgia. Mr. GREEN has introduced and is fighting for the enactment of a bill providing for—

Surveys and reports thereon to be made for a cross-State waterway across northern Florida connecting the Atlantic coastal waterway with that of the Gulf of Mexico, including all feasible routes.

Of course, this bill would only authorize surveys wholly within the State of Florida. My bills always seek surveys across both Georgia and Florida, for the simple reason that Florida has the advantage in this contest. None of these proposed canals can reach the Gulf without crossing part of Florida. The struggle on my part is to get at least a part of the canal constructed along the border of Georgia or through south Georgia. I am hoping Florida does not get all of it. Not that I love Florida less but that I love Georgia more.

My loyalty to Georgia and my district is fully matched by the loyalty of my good friend Mr. GREEN to his district and State.

And may I add that the gentleman from Florida [Mr. GREEN] and I are in most thorough accord in our support of the movement for the construction of a canal connecting the waters of the Atlantic with the Gulf somewhere between Macon, Ga., and Tampa, Fla. We agree that the selection of the route is largely if not entirely an engineering problem and both will be found fighting to the last ditch for the most feasible and practical route, whenever it is determined, regardless of where it is located.

Of course, this is a great national project, and we should look at it from a broad standpoint, but we are all human, and it is only natural for us all to want the best location to be right through the middle of our district. I confess I feel that way about this proposition.

Mr. Speaker, I want to discuss more fully, and make some observations concerning, the law as written in the last river and harbor act. Well, to make a long story short, the bill became law containing the general authorization for the survey from Cumberland Sound to the coast of the Gulf of Mexico. Since the passage of the bill I have kept in touch with the Army engineers and suggested by bills, remarks, plats, and personal interviews the routes I wished to be studied and urged that the general authorization gave legal approval and sanction to the reconnaissance, study, and survey of the entire field.

Mr. GREEN. Will the gentleman yield?

Mr. LANKFORD of Georgia. I will be glad to yield to the gentleman.

Mr. GREEN. Is the gentleman advised as to what progress is being made in the survey that is now going on?

Mr. LANKFORD of Georgia. I understand that surveys are being made under the authorization made in January of 1927, and that there will be a report made by the engineers some time within the next 60 days.

Mr. GREEN. Under the legislation the gentleman has mentioned, which was passed in 1927, I wonder if the gentleman is advised whether or not the Board of Army Engineers will have authority or interpret that they have authority sufficient to enable them to survey all suggested or feasible routes for this waterway from the Atlantic to the Gulf across north Florida and south Georgia; in other words, whether they have full power to proceed. What is the gentleman's information on that?

Mr. LANKFORD of Georgia. My information is that the authorization for a survey from Cumberland Sound to the mouth of the Mississippi River has been interpreted by the Board of Engineers to give them complete authority to make recommendations, studies, and surveys of all practical routes from Cumberland Sound to the mouth of the Mississippi. I have in my possession a letter written by the Chief of Engineers to the gentleman from Florida [Mr. GREEN], also one to the gentleman from Georgia [Mr. EDWARDS], who is on the Rivers and Harbors Committee, and one to myself, which I wish to incorporate in the RECORD.

Mr. Speaker, at this time I ask unanimous consent to incorporate in the RECORD three letters from General Brown, one to the gentleman from Florida [Mr. GREEN], one to the gentleman from Georgia [Mr. EDWARDS], and one to myself, and also a letter written by me to General Brown.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent to extend his remarks by including therein certain letters as indicated. Is there objection?

There was no objection.

Mr. EDWARDS. Will the gentleman yield?

Mr. LANKFORD of Georgia. I will be pleased to yield to my friend from Georgia.

Mr. EDWARDS. The intracoastal waterway proposed from Boston to Miami, Fla., with the exception of the link across New Jersey and the link from the Cape Fear River down to Charleston, S. C., is now practically completed?

Mr. LANKFORD of Georgia. That is true.

Mr. EDWARDS. If this proposed waterway through natural waterways and land cuts is made across southern Georgia and northern Florida it will link up the intracoastal waterway on the Atlantic with the intracoastal waterway on the Gulf, will it not?

Mr. LANKFORD of Georgia. That is the real purpose of it.

Mr. EDWARDS. And unless that is done shipping will continue to have to go around Florida from the Atlantic into the Gulf?

Mr. LANKFORD of Georgia. And make the course much longer. Then again, much of the Florida coast is open shore line and the intracoastal waterway can not be constructed along that open shore line without digging a canal along the shore. It would be much easier to construct a canal from some place on the Georgia coast or the Florida coast across to the Gulf at St. Georges Sound than it would be to construct a canal along that open shore line of the Florida west coast.

Mr. EDWARDS. Being on the Rivers and Harbors Committee, I know how hard the gentleman from Georgia has striven to get this project under way. Does not the gentleman agree that if the engineers should find they have not ample authority under the 1927 survey provision which he has referred to, that the bills which he and I have introduced, our bills being identical, providing for a survey to determine the most practicable route will enable the engineers to reach that result?

Mr. LANKFORD of Georgia. That is true, and I may say in this connection, the gentleman from Florida [Mr. GREEN] has also introduced an identical bill, and, in fact, the gentleman from Florida [Mr. GREEN], the gentleman from Georgia [Mr. EDWARDS], and myself are agreed upon the proposition that there should be such surveys made as may be necessary in order to find the most practical route for this proposed canal.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. LANKFORD of Georgia. Yes.

Mr. WILLIAM E. HULL. Does not the route which they are now figuring on go down through Lake Okeechobee and then across to New Orleans in that way?

Mr. LANKFORD of Georgia. I understand there is such a route proposed.

Mr. WILLIAM E. HULL. That would cut out Georgia entirely, would it not?

Mr. LANKFORD of Georgia. No; for the reason that the proposed canal across south Georgia and north Florida would greatly shorten the distance from the Atlantic to the Gulf. The Okeechobee Canal would not.

Mr. EDWARDS. I may say, if my colleague will permit, that such route, if adopted, would not be a saving of distance—that is, a material saving of distance. The route that my colleague [Mr. LANKFORD] has in mind, and I am sure he will agree with what I say, will cut straight across from some point below Savannah, Ga., across south Georgia and across north Florida and will save hundreds of miles to shipping, and that is a thing that must be taken into consideration.

Mr. WILLIAM E. HULL. But all we have had before our committee so far is the route through Lake Okeechobee and then to New Orleans.

Mr. EDWARDS. The report has not yet come in on this proposed project. That is the reason we have not had it before the committee as yet.

Mr. LANKFORD of Georgia. We have not been insisting upon any new survey through south Georgia and north Florida, for the reason that the item carried in the river and harbor bill of 1927 has been held by the Chief of Engineers sufficient to authorize a study of these various routes, and the various routes are being studied by the engineers, and until we get that report it is thought unnecessary to go to the committee and ask for a further authorization along that line. But those of us who live in south Georgia and north Florida feel if there is going to be a great saving of distance, it must be done without going too far

down into Florida to construct this canal. Not only has the Okeechobee route been proposed but there are numerous routes in Florida all the way from Tampa, Fla., to the Georgia line. Those of us in the House from south Georgia are advocating surveys of numerous routes from Macon to the St. Marys River. The Okeechobee route is too far south to become a part of the intracostal waterway from Maine to the Rio Grande.

Mr. GREEN. If I may suggest to my friend from Illinois, if the gentleman from Georgia will permit, from recent conferences which we have held with the chairman of the Rivers and Harbors Committee, there seems to be no disposition on the part of the chairman to confuse the Okeechobee-Caloosahatchee route with the route across the upper part of the State and across south Georgia.

Mr. WILLIAM E. HULL. Mr. Speaker, I would like to get this matter straightened out. Which one of these routes would the gentleman favor, going across Georgia or through the Okeechobee?

Mr. GREEN. It is obvious that the Lake Okeechobee-Caloosahatchee route is primarily for flood control of the Okeechobee region, and is not to be confused with the portion of the intracoastal waterway as is now being discussed by the gentleman from Georgia. It is obvious, to accomplish the purpose of the intracoastal canal system, that the canal should go through the upper part of the State of Florida and through south Georgia or in that vicinity.

I would like to ask my friend from Georgia, from the study which he has made in this case, which has been exhaustive, because he has been one of the men who has advocated and worked earnestly for this canal for years, from his information, does he interpret the disposition of the Board of Army Engineers that they are not only authorized but that they will make complete surveys of the various routes in north Florida and south Georgia, for the purpose of determining the most feasible?

Mr. LANKFORD of Georgia. Absolutely, and I base that on conversations with them and letters which I have received from General Brown.

Mr. WILLIAM E. HULL. I would like to get you two gentlemen straight. If they should decide on going through the Okeechobee route, the gentleman from Georgia would not be satisfied.

Mr. LANKFORD of Georgia. My contention is this, that a canal built through by Okeechobee would not shorten the distance around Florida as would one built through south Georgia and north Florida, 300 miles farther north.

Mr. WILLIAM E. HULL. And would the gentleman from Florida be satisfied with one built across Georgia?

Mr. GREEN. I am earnestly supporting the Caloosahatchee-Okeechobee flood control bill, but this project has never, to my knowledge, been considered a portion of the intracoastal canal system from Boston to the Rio Grande. It is altogether a different project.

Mr. WILLIAM E. HULL. I am not talking about flood control. I am talking about a waterway. Which would the gentleman prefer, one across south Georgia and Florida or one through Lake Okeechobee?

Mr. GREEN. We want both, and do not think the Okeechobee-Caloosahatchee could or should conflict with the one now under discussion.

Mr. WILLIAM E. HULL. You are not going to get them both. I am trying to get an agreement between you two gentlemen. Which one would the gentleman from Georgia take?

Mr. LANKFORD of Georgia. I will take the one through south Georgia. The Caloosahatchee-Okeechobee route does not answer the purpose we have in mind.

Mr. GREEN. I am supporting the Caloosahatchee-Okeechobee project vigorously, but it has never been and is not identical in purpose with the project now under discussion. This latter project is the final link in the intracoastal waterway system.

Mr. EDWARDS. With the permission of my colleague from Georgia [Mr. LANKFORD], who has the floor, let me state that the route in which we are directly interested, as a navigation project, is the proposed route directly across southern Georgia and northern Florida, connecting the intracoastal waterways of the Atlantic and the Gulf upon which the Government has already spent millions of dollars. This would be the connecting link that is badly needed, and no one has put in more study and hard work on it for the last few years than has my distinguished colleague from Georgia [Mr. LANKFORD], with whom I am cooperating.

Mr. LARSEN. Mr. Speaker, will the gentleman yield?

Mr. LANKFORD of Georgia. Yes. I gladly yield to my good friend from Georgia whose district is only separated from mine by the Ocmulgee and Altamaha Rivers.

Mr. LARSEN. As I understand it, there is considerable contention as to various surveys that should be made. The gentleman is of course perfectly familiar with the territory involved in all of these. Of course, there is a proposition that is being considered a great deal in the section from which I come, and that is the proposed route through the Altamaha and Ocmulgee and then across to the Flint and down through the Chattahoochee and the Apalachicola. The gentleman has heard a good deal about that.

Mr. LANKFORD of Georgia. I think it is a practical route, and one that probably may be adopted by the Board of Engineers. I am assured a survey will be made of this route.

Mr. LARSEN. The people in that section are very anxious that a survey be made to determine whether or not that is a feasible route. I think that the probabilities are that it is feasible.

Mr. LANKFORD of Georgia. General Brown has notified me in a letter that I am putting in the RECORD to-day that that route along with the others will be considered.

Mr. LARSEN. Then the gentleman assures me, so far as he is concerned, that he will try to see that a survey is made.

Mr. LANKFORD of Georgia. I am very much in favor of that route. I am glad it is to be surveyed.

Mr. LARSEN. Of course, if it is not more feasible than other routes, we do not expect it adopted, but we want the several routes studied and surveys of them made. Then let the Army engineers decide which is the most feasible route, considering the cost of construction and the public interests to be served, and so forth.

Mr. LANKFORD of Georgia. That is being done, and the letters which I shall put in the RECORD to-day, one to Mr. EDWARDS, one to Mr. GREEN, and one to myself, all from the Chief of Engineers state that all those routes are being considered.

Mr. GREEN. And after all, the engineers' decision in the matter would be conclusive.

Mr. LANKFORD of Georgia. Yes.

Mr. GREEN. I hope all routes in the northern part of Florida will be surveyed.

Mr. LANKFORD of Georgia. I am absolutely sure this will be done, and my authority for this statement is contained in the letters I am to-day incorporating in the RECORD as part of my remarks.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. LANKFORD of Georgia. Yes. I gladly yield to my friend whose district in Georgia is just west of mine.

Mr. COX. The location of the canal, as proposed by the gentleman, who has studied this question for a good long while, and who prabably knows more about it than anyone else, would make possible the utilization of rivers of more or less importance that we have in that section.

Mr. LANKFORD of Georgia. That is true.

Mr. COX. And the location of the canal at that point, or as proposed by the gentleman, would necessarily serve a larger and greater public use than would be possible in locating it at some place further down across the State of Florida.

Mr. LANKFORD of Georgia. I feel that is true. I know the distance would be much shorter than to go very far down into Florida. My purpose has been to have the surveys made to determine whether or not it is practical to connect two rivers in Georgia—one going into the Gulf at St. Georges Sound at the mouth of the Apalachicola and another river going into the Atlantic at some place on the Georgia coast.

Mr. WILLIAM E. HULL. How far is it over from Cumberland Sound?

Mr. LANKFORD of Georgia. Some of these navigable rivers in Georgia are not over 25 or 30 miles apart. I fear I did not fully understand the gentleman's inquiry.

Mr. WILLIAM E. HULL. I asked what is the total distance across?

Mr. LANKFORD of Georgia. Some 150 to 200 miles.

Mr. WILLIAM E. HULL. To New Orleans?

Mr. LANKFORD of Georgia. It would be further than that to New Orleans. I mean from the Atlantic to the Gulf.

Mr. WILLIAM E. HULL. Where would you come out in the Gulf of Mexico?

Mr. LANKFORD of Georgia. At the mouth of the Apalachicola River.

Mr. YON. I think the first route proposed across the State was connecting the St. Marys through the Okefenokee Swamp on the border of Georgia and north Florida with the Suwanee River that flows to the Gulf, having its source in this swamp, and then maybe leaving that and going across to the westward to the Aucilla River, and maybe to its mouth. The distance across there from the ocean to the Apalachicola River, I think, is not over 150 or 160 miles.

From the Gulf at the mouth of the Aucilla to Apalachicola is about 60 or 100 miles. The Apalachicola by water line is about 175 miles east of Pensacola.

Mr. EDWARDS. Will the gentleman yield?

Mr. LANKFORD of Georgia. I yield to my friend.

Mr. EDWARDS. In order that it may get into the RECORD, the State of Georgia has by legislation named a commission to deal with this matter, and the State of Florida has done likewise.

Mr. LANKFORD of Georgia. That is true.

Mr. EDWARDS. Now, this proposed canal that would connect the intracoastal waters of the Atlantic with the Gulf waterway, a distance of 100 to 150 miles, will effect a saving to water-borne traffic of something like six or eight hundred miles.

Mr. YON. More than that.

Mr. EDWARDS. It might be about a thousand miles, which would be quite an item.

Mr. YON. I want to say the project—that is, the Caloosahatchee, Lake Okeechobee—is one for flood control in connection with the better means of navigation, and I hope this will be approved. But going down the State that great a distance would make the intracoastal canal route at least 800 or 1,000 miles farther than the St. George Sound-Cumberland Sound route.

Mr. WILLIAM E. HULL. What I wanted to do was to see if you gentlemen could not get together. You can not have both of these routes. If you want a route across there, you ought to take the shortest one, whether it is through Georgia or through Florida. What I was trying to get at was whether you would use the Gulf for any part of the waterway. You can not use both.

Mr. LANKFORD of Georgia. We would use the Gulf part of the way, but it is apparent that if an inland waterway is to be constructed——

Mr. WILLIAM E. HULL. You do not go across the Gulf, but along the edge?

Mr. LANKFORD of Georgia. Yes; that is the idea.

Mr. Speaker, I want to incorporate in my remarks a splendid article from the pen of Mary Elizabeth Bishop, recently carried in the Southeast Georgian, and ask at this time unanimous consent to extend my remarks and include this article. I desire to read this excellent article, if possible, but I fear if I yield much more I shall not have time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LANKFORD of Georgia. I would say to the gentleman from Illinois that the Okeechobee Canal does not conflict with the canal we are asking to be built. We go across the point where Florida makes off from the main body of the United States. If we go across Georgia and Florida both, it will be a saving of 800 to 1,000 miles.

Mr. WILLIAM E. HULL. That will depend on which way you want to go.

Mr. LANKFORD of Georgia. If we wanted to go to Key West from Savannah and return it would not, but if we are going from the Atlantic seaboard to the mouth of the Mississippi we must go around Florida or we must go across the peninsula. The proposed canal would go across my district and the district of the gentleman from Florida [Mr. GREEN], which are where the peninsula makes off from the mainland. If the canal is built it should be where there can be a saving of considerable distance. It should be across the isthmus rather than across the lower end of the peninsula.

Mr. WILLIAM E. HULL. If you build the canal you go through your district and the district of Mr. GREEN both.

Mr. LANKFORD of Georgia. That is the friendly controversy. Naturally each of us desire as much of it as possible in our respective districts.

Mr. WILLIAM E. HULL. That is what I wanted to find out, whether the canal will run in your two districts?

Mr. LANKFORD of Georgia. We are agreed on everything except the exact location. The engineers are to settle that question. Mr. GREEN would like it in his district and of course, I would like it in mine. But if we get the canal started in my district eventually it will have to cross Florida, because Georgia has no Gulf coast.

Mr. CRISP. Will the gentleman yield?

Mr. LANKFORD of Georgia. I will be glad to yield to my good friend from Georgia.

Mr. CRISP. If I understand the gentleman correctly, General Brown, the Chief of Engineers, has construed the authorization of January, 1927, as broad enough to provide for the survey of all feasible routes from Cumberland Sound to the mouth of the Apalachicola River including, among others, through the gentleman's district one from Ocmulgee River at the northwest corner of Coffee County, through Ben Hill, Irwin, and other counties to the Flint River as well as others just north of this route through Ben Hill, Crisp, and other counties.

Mr. LANKFORD of Georgia. The gentleman is correct.

Mr. CRISP. I am very glad these surveys have been authorized and are to be made in the immediate future.

Mr. LANKFORD of Georgia. I thank the gentleman.

Mr. GREEN. Right there, if my friend will yield, such route as may be designated by the Board of Army Engineers as the most feasible is the route that my State is going to support, and I feel that my delegation will support it. The Georgia and Florida delegations, I am sure, will solidly support such route as the engineers may finally designate. I understand that the Mississippi Valley Waterways Association, the Atlantic Deeper Waterways Association, the Florida and the Georgia State Canal Commissions, and many other organizations have indorsed the project.

Mr. WILLIAM E. HULL. If the engineers determine on the route across there, you will all agree to it?

Mr. LANKFORD of Georgia. Yes. I am hoping, of course, that the Army engineers will recommend a canal through my district. But in spite of our preferences all will gladly stand to and abide by the ultimate and final decision of the engineers.

Mr. YON. How many bills are pending before the Committee on Rivers and Harbors for surveys of the route?

Mr. LANKFORD of Georgia. There are several bills pending, but the Chief of Engineers, under the authorization of 1927, has sufficient authority to conduct all these surveys, and we are not going to the Committee on Rivers and Harbors for more surveys at this time. We are trying to get before the engineers the routes we have in mind, but we are not trying to get any additional authorizations at this time. [Applause.]

Mr. Speaker, I am therefore truly happy to announce that General Brown, the Chief of Army Engineers, concurs with our construction of the general authorization and gives assurance that the entire field will be studied with the view of selecting the very best route from every standpoint.

I understand General Brown, Chief of Engineers, has made known to all who have made inquiry his intention to study all routes suggested by me as well as every other route that may be deemed at all available.

On February 11, 1930, the gentleman from Florida [Mr. GREEN] made a speech on the floor of the House, from which I quote the following:

Mr. GREEN. Mr. Chairman and my colleagues, I desire to speak to you briefly to-day about existing and proposed legislation which is of general interest to the country as a whole and of particular interest to my State. The first matter which I will discuss is the proposed canal across Florida, connecting the intracoastal waterway of the Atlantic Ocean with that of the Gulf of Mexico, or that program usually known as the intracoastal waterway from Boston to the Rio Grande.

In 1926 I introduced H. R. 8742, as follows:

"*Be it enacted, etc.*, That the Secretary of War be, and he is hereby, required and directed to cause a preliminary examination and survey to be made for a barge canal beginning in Cumberland Sound and terminating at or near the mouth of the Mississippi River, using the nearest, most practicable, and most feasible route which will permit the use of the waters of the St. Marys River of Georgia and Florida, the Suwannee River and St. Georges Sound of Florida, and all other rivers and bodies of water along and adjacent to such route, and provide a protected all-inland canal.

"SEC. 2. That upon the making of such survey the Secretary of War shall report to Congress.

"SEC. 3. That the Secretary of War shall ascertain the feasibility and practicability of such barge canal and in his said report to Congress give full detailed estimate of cost of such canal, a description of proposed route, dimensions of the proposed canal, amount of actual canaling, and every fact and circumstance which in his judgment will be necessary to convey full information as to such proposed barge canal."

We were able to incorporate the substance of this bill as an item in the 1927 rivers and harbors bill, which passed the Congress and became a law. Under the provisions of this bill an extended survey of the across-Florida canal is now well under way, and, in fact, we believe is almost concluded. From recent conferences which I have held with members of the House Rivers and Harbors Committee and with Major General Brown, Chief of the Board of Army Engineers, we believe that a report will soon be made by the Board of Army Engineers. We have been desirous of giving to the Board of Army Engineers full latitude in the survey, with the hope that after its best study and survey that a favorable report from the board may be had. In order to obtain the full interpretation of the 1927 act by the Chief of the Board of Army Engineers recently I wrote a letter to General Brown, as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 30, 1930.

Maj. Gen. LYTLE BROWN,
Chief Board of Army Engineers,
War Department, Washington, D. C.

DEAR GENERAL BROWN: In 1927 I introduced a bill which was included in the rivers and harbors bill, providing for a survey of a canal across Florida from Cumberland Sound on the Atlantic via St. Marys, Okefenokee, and Suwannee Rivers to the Gulf of Mexico.

I wish you would please advise me whether, under this provision, a complete and detailed physical survey can and will be made. For fear that same could not be made under this legislation I introduced another bill October 21, 1929, copy of which is herewith inclosed. My purpose is to obtain a full and complete physical survey of this route. Will you please advise me whether enaction of the inclosed bill is necessary?

I shall also appreciate anything that you may be able to do to the end that existing survey of this route is expedited and report promptly made.

Sincerely yours,

R. A. GREEN,
Member of Congress.

Recently I have received from General Brown the following reply:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, February 3, 1930.

Hon. R. A. GREEN,
House of Representatives, Washington, D. C.

MY DEAR MR. GREEN: 1. Allow me to acknowledge receipt of your letter of January 30, 1930, relating to the survey of a waterway from Cumberland Sound on the Atlantic coast across Florida and thence to the Mississippi River.

2. In reply it is desired to state that the river and harbor act approved January 21, 1927, contained an item authorizing a preliminary examination and survey of "waterway from Cumberland Sound, Ga. and Fla., to the Mississippi River." The duty of making the preliminary examination was assigned to a special board of officers, of which Lieut. Col. Mark Brooke, 212 Customhouse, New Orleans, La., is the senior member. It is now expected that the report on the preliminary examination will be ready for submission to this office about March 1, 1930.

3. Further legislation at this time is not considered necessary, as under the present authorization all feasible and practicable routes will be investigated and reported upon.

Very truly yours,

LYTLE BROWN,
Major General, Chief of Engineers.

Mr. Speaker, it will be observed that General Brown says that he intends to investigate and report upon "all feasible and practical routes" under the authorization for a survey of "waterway from Cumberland Sound, Ga. and Fla., to the Mississippi River" as contained in river and harbor act of 1927.

During one of my many helpful conferences with the gentleman from Georgia [Mr. EDWARDS], of the Rivers and Harbors Committee, I found he has a letter from General Brown expressing the same purpose to survey the entire field in order to determine the most practical route.

The letter from General Brown to my colleague [Mr. EDWARDS] is as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, January 28, 1930.

HON. CHARLES G. EDWARDS,
House of Representatives, Washington, D. C.

MY DEAR MR. EDWARDS: 1. The receipt is acknowledged of your letter dated January 22, 1930, requesting information regarding a survey for a waterway connecting the Atlantic intracoastal and the Gulf intracoastal waterways.

2. In reply you are informed that the river and harbor act approved January 21, 1927, contains an item authorizing a preliminary examination and survey of "Waterway from Cumberland Sound, Ga. and Fla., to the Mississippi River." The duty of making the preliminary examination for this waterway was assigned to a special board of engineer officers, of which Lieut. Col. Mark Brooke, 212 Customhouse, New Orleans, La., is the senior member. It is thought that the report on the preliminary examination will be submitted to this office about March 1, 1930. This is the investigation to which, it is thought, you refer.

3. In regard to your inquiry as to whether this survey is sufficiently broad to cover all feasible and practicable routes, it may be stated that since the act does not specifically designate any particular route, the investigation will cover all routes which may be deemed worthy of consideration.

Very truly yours,

LYTLE BROWN,
Major General, Chief of Engineers.

On January 29, 1930, I wrote General Brown as follows:

JANUARY 29, 1930.

Gen. LYTLE BROWN,
Chief of Engineers, War Department, Washington.

DEAR GENERAL BROWN: Being very much in favor of a canal across south Georgia and north Florida, and desiring the immediate determination of the most practical route, I am seeking and urging a study, comparative reconnaissance, and survey of the entire field of south Georgia and north Florida, with the view of determining the most practical and easily constructed route connecting the intercoastal waterway of the Atlantic with that of the Gulf of Mexico.

Primarily, this is an engineering problem. I have introduced two bills seeking the survey of several routes, some of which could be constructed at much less expense, but might not be as desirable from every standpoint as a more expensive route or routes. I am seeking such surveys as will enable Congress to determine which route should be adopted for this canal. In the last Congress I introduced a bill authorizing the survey of several routes, and on March 1 of last year I put in the CONGRESSIONAL RECORD a discussion of my bill and a map showing the location of the proposed routes.

I had one conference with the Corps of Engineers in Jacksonville, Fla., and several conferences with the Chief of Engineers in Washington, at all of which conferences I urged that the authorization contained in the rivers and harbors act of January 21, 1927, for an examination and survey of a waterway from Cumberland Sound, Ga. and Fla., to the Mississippi River is broad enough to cover a study of the whole field, including all routes proposed by me and pointed out specifically by the map placed in the RECORD on March 1, 1929.

When I allowed this authorization to be inserted in the river and harbor act of January 21, 1927, without proposing an amendment, it was with the opinion on my part that legally it authorized a survey of the entire field. On June 21 of last year, I wrote your office making further inquiry as to the interpretation placed by your office on the authorization just mentioned. On the 27th of June, 1929, I received a reply to my letter as follows:

"1. Permit me to acknowledge receipt of your letter of June 21, 1929, together with its accompanying copy of the CONGRESSIONAL RECORD for March 1, 1929, relative to routes for a proposed ship canal across Georgia and Florida.

"2. In reply it is desired to state that a copy of your remarks appearing in the CONGRESSIONAL RECORD of March 1, 1929, under the caption 'Ship Canal Across Georgia and Florida,' was forwarded to Colonel Brooke early in March, for consideration by the special board in its studies of a waterway between the Cumberland Sound and the Mississippi River.

"3. The authorization contained in the river and harbor act of January 21, 1927, for an examination and survey of a waterway from Cumberland Sound, Ga., and Fla., to the Mississippi River, is believed to be amply broad to permit study and consideration of the various routes suggested by you in the CONGRESSIONAL RECORD. The department intends that reconnaissance will be made of the several routes and discussion thereon will be presented in the report on preliminary examination now in course of preparation."

In response to a letter from me I received from the district engineer at Jacksonville, Fla., a letter, written November 13, 1929, from which I quote:

"As you know, the preliminary examination now in progress is in the nature of an economic study to determine whether a survey should be made. The physical advantages of various routes will be more carefully studied in connection with the survey should it be recommended."

I also quote the conclusion of this letter, which is as follows:

"When this matter is again under consideration, the board will be glad to hear from any citizens whom you suggest. Should the board find it advisable to make a further reconnaissance of the physical features in connection with the preliminary examination, your suggestions will be borne in mind."

Another river and harbor bill is soon to be enacted, and I am anxious that such additional authorization be granted as may be necessary for a comparative study of the entire field and such surveys of the various proposed routes as may be necessary for a report as to the advantages and disadvantages of each from a construction standpoint and as a canal when completed. Also, I am seeking all possible information as to the advantages of these various routes in the way of flood control, drainage, prevention of erosion, and developments of hydroelectric power.

I will appreciate very much a letter advising me (a) what progress has been made with these surveys under the authorization contained in the last river and harbor act, (b) what further surveys of the proposed routes are contemplated under said act, and (c) whether or not any further authorization is necessary in pending river and harbor bill to authorize the studies and surveys herein mentioned as being desired.

I will appreciate your early consideration of this matter so that I may seek such additional authorizations, if any, as may be necessary.

Sincerely yours,

W. C. LANKFORD,
Member Congress Eleventh District Georgia.

In reply to this letter General Brown, on the 20th day of February, 1930, wrote me as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, February 20, 1930.

Hon. W. C. LANKFORD,
House of Representatives, Washington, D. C.

MY DEAR MR. LANKFORD: 1. Having further reference to your letter of January 29, 1930, relating to the matter of studies for a canal across south Georgia and north Florida, in which you are so much interested, allow me to advise you as follows:

2. The special board, in its studies of a waterway between Cumberland Sound and the Mississippi River, is giving consideration to every possible route across Florida and south Georgia, including the routes that have been suggested by you and described in the CONGRESSIONAL RECORD of March 1, 1929. Lieut. Col. Mark Brooke, senior member of the special board, is conversant with and alert to the great interest in Georgia and Florida in this project. Investigation and discussion of the practicability, relative cost, and advantages of the several routes considered are being based on field reconnaissances made by and under the direction of the board, and on review of all pertinent data obtainable.

3. Upon receipt of the report in this office, which it is expected will be submitted in March, it will be promptly referred to the Board of Engineers for Rivers and Harbors for review as required by law. The question of whether more complete instrumental surveys are to be made will depend on this review.

4. No further authorization by Congress is necessary, as the Chief of Engineers has authority to order such detailed surveys as may appear desirable and necessary of any or all of the routes which have been proposed.

Very truly yours, LYTLE BROWN,
Major General, Chief of Engineers.

Mr. Speaker, a short while ago the Southeast Georgian, of Kingsland, Ga., carried a splendid article from the pen of Mary Elizabeth Bishop, and while I honestly take issue with her on the availability of the whole of certain streams for canal purposes, I was so much impressed with the merit of her article that I desire to perpetuate it in the RECORD for the use of Congress and the country.

The article in whole is as follows:

THE IMPORTANCE OF THE PROPOSED ST. MARYS-ST. MARKS CANAL

The importance of connecting the Gulf of Mexico with the Atlantic Ocean, across the States of Georgia and Florida, from Cumberland Sound on the Atlantic coast to St. Georges Sound on the Gulf, through the St. Marys, Suwannee, and St. Marks Rivers, which traverse three-quarters of the distance, was recognized 50 years ago, when the War Department ordered a survey as a military measure, and this was made by Lieut. Col. C. K. Gilmore in the years 1876–77, who strongly recommended the construction of this canal.

This inland waterway has become an economic necessity to bring an ocean port to the Central West, avoiding the hazards of the Gulf.

We have practically completed an inland waterway down the entire Atlantic coast, another along the Gulf of Mexico to the Mississippi River, but the connecting link is missing. The time has now arrived to supply this connection. This would create one of the largest land-locked harbors in the world, of unequaled national importance, with facilities both for the railroads and the Atlantic-to-the-Mississippi canal.

Three great trunk-line railway systems of the Southeast—Southern, Seaboard, and Atlantic Coast Line, besides interesting the Atlanta, Birmingham & Atlantic—would connect with this port terminal by the construction of but a few miles of rail.

The similarity between the harbor at Hamburgh, one of the greatest of the world, and constructed at the expense of many millions of dollars, and the one possible at Cumberland Sound, which would cost practically nothing, is the same rise and fall of the tide, about 6½ feet, allowing ships to lie in open basins, not having to be locked in, as is necessary at London and Liverpool. There is, without the expenditure of any money, approximately the same depth of water, 23½ feet at low and 30 feet at high tide for the shallow part of the channel at St. Marys, as at Hamburgh.

At the entrance of Cumberland Sound the Government has already constructed great jetties extending out several miles into the ocean, at a cost of over three and a half million dollars, to wash out the channel of St. Marys River, which discharges over a half a billion cubic feet of water daily.

The Admiralty harbor at Dover, England, which played such a conspicuous part during the World War as headquarters of the Dover patrol, constructed at a cost of $25,000,000, has been handed over to the Dover Harbor Board for commercial purposes. This harbor inclosed 610 acres of water and housed the fleet which conveyed troops and ammunitions across to France.

Cumberland Harbor would have about 20,000 acres of water and at practically no cost.

Our neighbor, Canada, realizing the urgent need of a waterway to the sea, has been working nearly 30 years on the Welland Canal, connecting the Great Lakes, Erie and Ontario, at an enormous expenditure of money and great engineering difficulties. The length of this canal is but 25 miles.

By the utilization of our natural waterways—the St. Marys, Suwannee, and St. Marks Rivers—200 miles of canal could be completed at a minimum of their cost, in a comparatively short time and with practically no engineering difficulties, to St. Georges Sound or Apalachicola Bay, where nearly a million dollars has been appropriated for improvements along this inland route, and the Government has recently built a canal connecting the Apalachicola River with St. Andrews Bay, costing $500,000.

The intracoastal route along the northern edge of the Gulf of Mexico connects all rivers flowing southward in that section, thence through the proposed Atlantic to the Mississippi canal into Cumberland Sound, joining with the Atlantic Coastal Inland Waterway and completing the link which joins the whole Atlantic Coast with the Mississippi and its tributaries.

Ships will be able to come into this new harbor without either pilot or towboat. The port will form a transportation funnel through which half of the products of this country will naturally move, creating a great import and export market for raw products and manufactured goods of the Central West, developing a fuel-oil harbor, providing a fuel and repair port on the Atlantic Coast, 500 miles nearer the Panama Canal than Norfolk. Here the wings of commerce will take flight in every direction, even in the air.

When our present inland waterways are analyzed one finds substantial and extensive work has been accomplished. Strong links with weak ones are in operation, accomplishing astonishing results against the railroads' untiring efforts to secure and hold a monopoly of all transportation. Startling facts have been revealed by a survey conducted by the Intermediate Rate Association, representing every business and farm interest of 10 western Mountain States in a campaign for national legislation to wipe out railroad discrimination in freight rates throughout the entire West and in all parts of the Southeast where the railroads are fighting the boats. This condition exists because the Interstate Commerce Commission has permitted the railroads, generally, to violate the long and short haul clause of the fourth section of the transportation act making temporary cutthroat rates between cities on the seaboard or on navigable streams. The Congress has passed the Gooding bill, 2327, to eliminate unjust discrimination.

Europe, confronted with the problem of supporting her people in a restricted area, can not afford the extravagance and waste of natural resources as do we, still she masters her intricate problems and for ages has recognized the enormous possibilities of waterways, systematically and strategically forging forward for commerce and defense.

The construction of the Atlantic-to-the-Mississippi canal would bring into use 15,000 miles of navigable streams, besides draining the central and southern section of the United States, restoring the fertile land, and preparing for exploration and preservation this veritable wonderland of America, the great Okefenokee Swamp.

It would cut off nearly a thousand miles of sea travel around the Florida peninsula, would save a vast amount of grain shipments, avoiding the overheating in the Gulf Stream, besides the menace to life and commerce of the dangerous Gulf of Mexico.

The Atlantic-to-the-Mississippi canal will benefit the United States as a whole more than any other single project since the construction of the Panama Canal, which during the first decade of its operation provided an interoceanic short cut for approximately 28,000 vessels, of which 25,600 were commercially operated and 2,500 Government owned. The commercial vessels, it is estimated, carried 111,000,000 tons of cargo and paid toll aggregating $100,000,000.

The Panama Canal bears the distinction of being one of the very few Government-operated enterprises to pay a profit.

Taken from a statement of Gov. Jay J. Morrow, of the Canal Zone, the first nine years this waterway was opened to traffic it collected a total of $76,640,000.

The business of operating the canal then was paying about half a million dollars a month, or about 3 per cent on the investment, and stated: "It is apparent that in no distant future the project will pay for itself." He said that competent engineers asserted the canal would be adequate for traffic for many years to come. In due time, he asserted, if warranted, the proceeds from this canal could be used in constructing another canal across the Isthmus.

What the great Panama and Suez Canals are to the world the Atlantic-to-the-Mississippi canal would be to this country.

MARY ELIZABETH BISHOP,
St. Marys, Ga.

NOVEMBER 10, 1925.

CALENDAR WEDNESDAY BUSINESS

The SPEAKER. The Clerk will call the committees.

The Clerk called the Committee on Banking and Currency.

AMENDMENT TO SECTION 22 OF THE FEDERAL RESERVE ACT

Mr. McFADDEN. Mr. Speaker, I call up the bill (H. R. 9683) to amend section 22 of the Federal reserve act.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

H. R. 9683

A bill to amend section 22 of the Federal reserve act

Be it enacted, etc., That section 22 of the Federal reserve act be amended by adding at the end thereof the following language:

"(g) Whoever maliciously, or with intent to deceive, makes, publishes, utters, repeats, or circulates any false report concerning any national bank, or any State member bank of the Federal reserve system, which imputes or tends to impute insolvency, or unsound financial condition, or financial embarrassment, or which may tend to cause or provoke, or aid in causing or provoking, a general withdrawal of deposits from such bank, or which may otherwise injure, or tend to injure the business of good will of such bank, shall be deemed guilty of a misdemeanor and shall upon conviction in any court of competent jurisdiction be fined not more than $5,000 or imprisoned for not more than five years, or both.

"(h) If two or more persons conspire to violate the above provision, or to boycott, or to blacklist, or to cause a general withdrawal of deposits from, or to cause a withdrawal of patronage from, or otherwise to injure the business or good will of any national bank, or any State member bank of the Federal reserve system, and one or more of such parties do any act to effect the object of such conspiracy, each of the parties to such conspiracy shall be deemed guilty of a misdemeanor and shall upon conviction in any court of competent jurisdiction be fined not more than $5,000 or imprisoned for not more than five years, or both."

With committee amendments as follows:

Page 1, line 5, strike out the word "or."

Page 2, line 10, strike out the words "may tend" and insert the word "tends."

Page 2, line 1, strike out the words "or which may otherwise injure, or tend to injure the business or good will of such bank."

Page 2, line 5, strike out "$5,000" and insert "$1,000."

Page 2, line 6, strike out "five years" and insert "one year."

Page 2, line 8, strike out "or to boycott, or to blacklist."

Page 2, line 9, strike out "or to cause a withdrawal of patronage from or otherwise to injure the business or good will of."

Page 2, line 16, strike out "$5,000" and insert "$1,000."

Page 2, line 17, strike out "five years" and insert "one year."

Mr. McFADDEN. Mr. Speaker, before attempting to explain briefly this bill, I would like to ask the gentlemen on the other side if they desire time?

Mr. WINGO. I think it might be wise not to limit the time of general debate.

Mr. McFADDEN. I think, Mr. Speaker, we are entitled under the rule to one hour's time. I will say to the gentleman from Arkansas that I would gladly yield to him half of that time, and if he desires more I will ask that the time be extended half an hour.

Mr. WINGO. I suggest that the gentleman request that general debate shall proceed not exceeding one hour and a half, at the end of which time the previous question shall be considered as ordered. How are you going to divide the time?

Mr. McFADDEN. I have not much demand, I will say, from Members on this side. Does the gentleman from Iowa [Mr. RAMSEYER] desire some time?

Mr. RAMSEYER. Yes. Mr. Speaker, my attention was called to this bill this week.

I want to say that slander against a bank, national or State, is not a crime in my State and many other States. The bill seeks to make slander against a national bank a crime, when slander is not a crime in most States against a State bank. In other words, the bill undertakes to write upon the statute books another Federal offense. The House well knows my attitude on multiplying Federal offenses. We have more Federal offenses now than we can prosecute and punish.

Then the language of the bill is peculiar. I think it ought to be thoroughly explained. I certainly would be opposed at this time to the proposal that at the end of general debate the previous question should be ordered. That would mean that no amendments, not even committee amendments, would be considered and debated, much less amendments that might be offered from the floor of the House.

There is language in this bill that is absolutely meaningless. I doubt if any member of the committee could explain it, and certainly we ought not to put on the courts the duty of explaining language that we enact here which the committee in charge has not explained or can not explain.

However, my mind is still open on this bill, and I want the author or the chairman to explain it fully and give the definition of each word in this bill and indicate just how it will likely be considered by the courts, so that we can vote intelligently for or against the bill.

I doubt whether an hour and a half will be long enough. The length of time that I shall want on this bill depends altogether upon the committee's showing of the need of legislation of this kind.

Why make this a Federal offense? What is the urgent necessity for it, and how will it operate?

Mr. WINGO. I suggest that we extend the time, then.

Mr. RAMSEYER. The chairman of the committee referred to me and asked me what time I wanted. I had to make this explanation to let him know the time I would want will depend on how convincing a showing the committee makes for the need of this legislation.

Mr. McFADDEN. The chairman is ready to give to the gentleman all the time he wants.

Mr. RAMSEYER. I know the chairman is liberal. He has not only to-day, but he has next Wednesday if he needs it. I think this bill ought to be thoroughly debated before a full House, and not with a membership of about 25 per cent present. If we keep a good attendance here, then when it comes to a vote Members will not be rushing in and inquiring, "What is our vote?" They will not have to be told to vote so and so in order to stand by the committee. I want them to stay here so they can exercise an independent judgment and cast a vote for the best interests of the country.

Mr. WINGO. Mr. Speaker, I withdraw my request. What I was trying to do was to get additional time, but if there is going to be objection I withdraw the request.

Mr. STEAGALL. But the gentleman has not objected.

Mr. RAMSEYER. I stated I would object to that part of the gentleman's request ordering the previous question after general debate is concluded.

Mr. WINGO. All right. If that is not done, the gentleman from Pennsylvania will move the previous question, and the gentleman can force a roll call if he wants to do so. Then Members will come in, as the gentleman has suggested, the previous question will be voted, and it will simply discommode a lot of Members by forcing a roll call. That is all there is to it.

Mr. RAMSEYER. Well, I can discommode them right away if I think it necessary.

Mr. WINGO. All right. Mr. Speaker, I ask unanimous consent that my colleague——

The SPEAKER. The Chair understands that the gentleman from Pennsylvania yields to the gentleman from Arkansas?

Mr. McFADDEN. I yield.

Mr. WINGO. I ask unanimous consent that, while they are trying to reach some agreement, my colleague, the gentleman from Arkansas [Mr. DRIVER] may proceed for 20 minutes on a matter that came up yesterday with reference to the Federal Trade Commission, such time not to be taken out of the time on this bill.

The SPEAKER. The gentleman from Arkansas asks unanimous consent that the gentleman from Arkansas [Mr. DRIVER] may be permitted to address the House for 20 minutes. Is there objection?

There was no objection.

THE FEDERAL TRADE COMMISSION AND THE COTTONSEED-OIL TRUST

Mr. DRIVER. Mr. Speaker, in the course of the remarks made by the gentleman from Texas [Mr. PATMAN] before the Rules Committee, as presented in the printed hearings, and again on two occasions on the floor, reflections are in my opinion cast on the official conduct and, possibly, on the personal integrity of a member of one of the important Federal commissions. The characterizations are such that I feel a very serious charge is made against one of the members of that body with whom I have enjoyed for more than 40 years an intimate personal acquaintance, and I know the reputation this man bears in the State of his former official duties and responsibilities. Such attitude does not square with the conduct of that man, and I believe I would be remiss to the duty which I feel would grow out of the friendship I cherish for him should I withhold the statements I am about to make to this House.

Judge Edgar McCulloch spent his long and useful life in the course of the practice of his profession and in the discharge of his official duties in my State and was long a resident of the district I represent. The man's life while he was engaged in the practice of the law was one of the most useful that I could conceive. Not only was he a man of a high sense of honor, but actively engaged in promoting the social well-being and the extension of the civic affairs of his community. The first offi-

cial duty devolving upon him came when he was called to the supreme court of my State, where, by reason of his splendid knowledge of the law, his high ideals, and the clear-cut decisions he rendered, he was promoted, becoming chief justice of the supreme court of that State, where he served with distinguished ability until called from that exalted station to a place on the Federal Trade Commission of our Nation.

Judge McCulloch's character and his reputation with those people were such that he would have continued filling that office so long as he cared to discharge its duties. The people feel they were deprived of one of their most useful servants when he was called from that station and was employed in the high duties devolving upon him as a member of the Federal Trade Commission.

I regret very much the necessity of asking for this time of this House, because of my conception of the value of the important work engaged in by the gentleman who is responsible for this request. It is a matter of very great importance to the welfare of the people from which both he and I come, but Judge McCulloch came from that same environment and is personally interested in the production of the products that are involved in the resolution which the gentleman seeks to bring before this body. This man's life was spent in such environment, so that naturally his sentiment would be entirely in that direction. His whole life is such as to make it a matter of impossibility that Judge McCulloch should have been drawn either deliberately or that the high intelligence of the man——

Mr. PATMAN. Will the gentleman yield right there?

Mr. DRIVER (continuing). Would render it impossible for him to have been hoodwinked.

Now, I will say to the gentleman, ordinarily I would like to complete my remarks within the limited time without being interrupted, but as I am discussing the remarks of the gentleman, as a matter of courtesy, I will yield to you at any time.

Mr. PATMAN. The gentleman realizes that the resolution would permit the exoneration of the judge in the event he is not guilty of any of the charges, does he not?

Mr. DRIVER. As a matter of course, that is true .

Mr. PATMAN. Well, let me ask one other question. Admitting that is true, will you go to the Rules Committee and ask them to vote out that resolution and let us have the investigation, so the judge can be exonerated? Do you not think it would be much better for him than to leave it like it is?

Mr. DRIVER. So far as the investigation of the industry is concerned, I will say yes; I will make that request.

Mr. PATMAN. I am talking——

Mr. DRIVER. But in so far as any investigation pertaining to the official conduct or any charge made against this man, whom I know so well, is concerned, I will say I will not add my voice to anything that will embarrass him.

Mr. PATMAN. Let me ask the gentleman this question: The eighth charge in my resolution states that the investigating committee shall determine whether the Federal Trade Commission of the United States has assisted, aided, or otherwise encouraged representatives of cottonseed-oil mills in fixing the price of cottonseed or in entering into agreements the effect of which was to fix the price of cottonseed or do any act in violation of the laws of the United States or detrimental to the interests and rights of the growers of cottonseed. Now, if this is true, you want to know it, do you not, Mr. DRIVER?

Mr. DRIVER. Yes, sir.

Mr. PATMAN. And if it is not true, you want the judge exonerated, as well as the other members of the commission?

Mr. DRIVER. Yes, sir; but I am not asking this House to create a commission to make this investigation, when the record itself speaks absolutely in such language that any man who runs may read.

Here is a matter that especially addresses itself to me, in reply to a question by Mr. THURSTON at the hearings before the Rules Committee, to this import:

> Do you claim that there is or was a criminal conspiracy on the part of some of the officials in the Federal Trade Commission with these manufacturers?
>
> Your answer to that was:
>
> No, sir; I do not. I do not claim there is any criminal conspiracy, but I do claim there was such a gross neglect of duty that they are guilty of malfeasance in office.

Now, evidently that statement made by you, sir, was predicated on the record that you have in your possession, and that you have designated as one that came from a reporter that was drawn to this work from Wall Street. I do not know why that reference was made. I do not know why a reporter from Wall Street should not bring to us that same ability——

Mr. PATMAN. Will the gentleman yield? There was no reference by me, intentionally, to a Wall Street reporter. If there was anything said about that, it was not said by me.

Mr. DRIVER. Have you read the printed proceedings recording your remarks?

Mr. PATMAN. The printed proceedings should state that the secretary of the Federal Trade Commission furnished me with a transcript at my request, and that is where I got it.

Mr. DRIVER. You did state that; but in addition to that you injected into the remarks, or the reporter——

Mr. PATMAN. Just read exactly what I said from the report.

Mr. DRIVER. I will be very glad to do that. I have not your remarks here, but I call your attention to the fact that they are in the reported record and——

Mr. PATMAN. The gentleman has quoted what he claims to be specific remarks made by me, and I call on him now to read them and let my remarks speak for themselves.

Mr. DRIVER. I have not your remarks made in the House, but I will be glad to furnish them to you, sir.

Mr. PARKS. Are the remarks which the gentleman made yesterday in the RECORD?

Mr. DRIVER. No; they are not.

Mr. PARKS. It is no fault of yours if they are not in the RECORD.

Mr. PATMAN. He is talking about the remarks before the committee.

Mr. PARKS. I know what he is talking about.

Mr. DRIVER. This is what I want to say to you: This charge made by the gentleman from Texas [Mr. PATMAN] indicts every member of the Federal Trade Commission of malfeasance in office. This includes the man whom I am discussing. I am not acquainted with the other members of that commission, the associates of Judge McCulloch, but I can say that if they are of the same high type of manhood, integrity, and intelligence, that remark should never have been made by any Member of this House or by anyone connected in an official way with the administration of the affairs of this Nation.

Mr. PATMAN. On that point will you yield there, Mr. DRIVER?

Mr. DRIVER. Yes; I will yield at any time.

Mr. PATMAN. Do you approve of what the Federal Trade Commission——

The SPEAKER. The Chair would like to call the attention of both gentlemen to the rule of the House which provides that one Member should address the other in the third person.

Mr. PATMAN. Yes; I desire to apologize. I would like to ask the gentleman this: Does the gentleman approve of what the Federal Trade Commission did in holding this Federal Trade Commission conference for the cottonseed-oil industry and later in approving the agreements that were entered into there? Does the gentleman approve of that?

Mr. DRIVER. I do not feel it is necessary for me to make answer to that statement other than to give to the Members of this House the actual occurrence at that trade conference.

Mr. PATMAN. Mr. Speaker, will the gentleman yield further?

Mr. DRIVER. I will be glad to.

Mr. PATMAN. Does the gentleman refuse to state that he does or does not approve of what has been done in this conference?

Mr. DRIVER. I will say to you that in so far as the record is concerned, I can see no justification for disapproval, and I say now to you that that record in no manner reflects the organization of a trust, and I am prepared now——

Mr. PATMAN. Will the gentleman yield further?

Mr. DRIVER. Yes, sir.

Mr. PATMAN. Was the gentleman present yesterday when Mr. SNELL, the chairman of the Committee on Rules, admitted that the Attorney General of the United States had persuaded them to quit violating the law?

Mr. DRIVER. I was not.

Mr. PATMAN. The gentleman was not?

Mr. DRIVER. No.

Mr. COX. Will the gentleman yield to me?

Mr. DRIVER. But I will say this to my friend from Texas: Notwithstanding what happened at Memphis, there may be an understanding on the part of the Cottonseed Crushers' Association through which they control the price structure, and to the extent of that investigation I do indorse your theory and the necessity for doing it; but I am disputing the construction you place on the action of Judge McCulloch at the Memphis trade conference.

Mr. COX. Will the gentleman yield?

Mr. DRIVER. I will yield.

Mr. COX. I have given considerable study to this subject, and I approve in a general way of the assertion made by the gentleman from Texas [Mr. PATMAN] that a monopoly by the cottonseed-crushing interests has been established. However, I do not say that there is anything culpable or that fairly could be charged as culpable in the participation of the Federal Trade Commission in this conversation in which they did participate. If the gentleman has looked through the minutes of that meeting——

Mr. DRIVER. I have them here.

Mr. COX. He will find in the statement made by Judge McCulloch observations which are altogether to the credit of the Federal Trade Commission. The commission has taken pride in the work it has done in bringing these units into agreement that is designated as trade-practice agreements. If the gentleman has read the rules that were adopted, the code of ethics adopted by the cottonseed crushers, and that part of the rules approved by the commission, and those parts accepted by the commission as trade-practice rules, I think he will not find anything in them which of themselves indicate any intent or purpose on the part of the commission, or any inclination on the part of the commission, to join with the trade in the establishment of a system of practices which would operate against the public interest.

I think he will find that the whole purpose of the commission in participating in these conferences was, as declared by the commissioner, to stabilize the industry as well as protect and serve the interest of the farmers who produce the raw commodity to be crushed. Therefore, the criticism made of the commission that it was a party to an improper sort of an agreement seems unfair.

Mr. DRIVER. Unfair and unwarranted.

Mr. COX. If there is any criticism to be attached to the commission it grows out of the fact that as the result of these rules the cottonseed crushers have abused the confidence reposed in them by the commission in that they have so conducted their business under the rules as to work a hardship upon the farmer throughout the cotton belt.

Mr. DRIVER. As I said, not because of what occurred in the conference, but notwithstanding what occurred there. This is the situation that I want to present. If the man coming from that environment had permitted himself with his intelligence to be made a cat's-paw by the Memphis conference he is in the attitude of being a fool or else his conduct was venal, and I want to say that this man is neither a fool nor a knave. Therefore the charges that have been pressed on the floor repeatedly here are entirely without justification.

Let me say further that I do not know how many members of the commission were on the commission when the practice of holding these trade-practice conferences were initiated by the commission. Prior to this time I find that the rule of the commission was to wait until complaint was made in an industry whereupon the commission called for a trade-practice conference, and then made its investigations in that particular line, heard complaints and made an effort to cure it.

Mr. PATMAN. Will the gentleman yield?

Mr. DRIVER. I will.

Mr. PATMAN. Does the gentleman realize that there was not a complaint against a representative of the industry and had not been for two years?

Mr. DRIVER. That is true, and I will explain that. The gentleman's letter from Judge McCulloch declares that. In 1919 the commission as then organized had the idea that they could perform a more useful service by inviting those engaged in the industry to hold meetings, and at the invitation of that industry would send a representative of their commission to preside over the meeting and enter into a general discussion of their affairs. So from 1919 they, with the approval of the commission, and notwithstanding the fact, I will say to the gentleman from Texas, that he stated that the Federal Trade Commission called the Memphis meeting, while the evidence is just to the contrary, that the Cottonseed Crushers' Association called the meeting and invited the Federal Trade Commission to have a representative sit in with them.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. Not until I give the gentleman the record about that, and possibly save his question.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the gentleman may have 15 additional minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent that the gentleman from Arkansas may have 15 minutes additional. Is there objection?

Mr. McFADDEN. Mr. Speaker, reserving the right to object, and I do not intend to object, I ask unanimous consent that when the gentleman concludes, I have 30 minutes in which to address the House, and that that time shall not be taken out of the time allotted to me on the bill under the rule.

The SPEAKER. On a subject other than that of the bill?

Mr. McFADDEN. Yes.

Mr. PATMAN. Mr. Speaker, and I ask unanimous consent that I may have 10 minutes in which to discuss this after the gentleman from Pennsylvania.

The SPEAKER. Is there objection to the request of the gentleman from Texas that the gentleman from Arkansas be granted 15 minutes additional?

Mr. BRAND of Georgia. Mr. Speaker, reserving the right to object, I want to know when we are going to get to the business of the day. There are some bills before the House that the committee thinks are of importance. I am not going to object to the gentleman from Arkansas proceeding——

Mr. DRIVER. I thank the gentleman for that courtesy.

Mr. BRAND of Georgia. But I must object to the gentleman from Texas taking any more time on this subject to-day. Let us get to the Banking and Currency Committee business.

The SPEAKER. Is there objection to the request of the gentleman from Texas that the gentleman from Arkansas proceed for 15 minutes?

There was no objection.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that, at the conclusion of the address of the gentleman from Arkansas, he may be permitted to address the House for 30 minutes. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Texas [Mr. PATMAN] asks unanimous consent that at the conclusion of the address of the gentleman from Pennsylvania he may be permitted to proceed for 10 minutes. Is there objection?

Mr. BRAND of Georgia. Mr. Speaker, I object, because the gentleman from Pennsylvania is going to discuss banking and currency matters, as I understand it.

Mr. PATMAN. Then I ask unanimous consent that I may be permitted to address the House for 10 minutes after the gentleman from Arkansas concludes.

Mr. McFADDEN. I have no objection to that.

The SPEAKER. The gentleman from Texas asks unanimous consent that he may have 10 minutes immediately after the conclusion of the address of the gentleman from Arkansas, which will be followed by the gentleman from Pennsylvania. Is there objection?

Mr. BRAND of Georgia. Mr. Speaker, is the gentleman from Pennsylvania yielding to the gentleman from Texas 10 minutes of his 30 minutes?

Mr. McFADDEN. I am not.

Mr. BRAND of Georgia. I shall have to object, Mr. Speaker. I am going to leave the city to-morrow on very important business, and I would like to get to one of these bills this afternoon. However, I will withdraw the objection.

The SPEAKER. The gentleman from Arkansas is recognized.

Mr. DRIVER. Mr. Speaker, I want to call the gentleman's attention to the language of a representative of the Crushers' Association at the beginning of the Memphis meeting:

> On behalf of the interested associations, the Cottonseed Crushers' Association and the State associations represented here, and speaking for the members of the industry who are affiliated, I wish to express our appreciation of the Federal Trade Commission granting this Federal trade practice conference and sending to them a representative.

I do not feel that I am capable of saying how valuable these trade conferences are. I have not familiarized myself either with the character of work or the effect of that work, but I am prepared to presume that the purpose is a good one and that it should be continued. If it is not, then it should be discouraged, if not destroyed. But here is something I want specially to present within the limited time I have left, and that is the attitude of Judge McCulloch, the presiding officer for the Trade Commission. At the very inception of that conference Judge McCulloch said this:

> It is the policy of the Federal Trade Commission to encourage these meetings. For a long time it was the practice not to have meetings. They were not thought of in the early stages of the operation of the Trade Commission. The only thing they did, whenever they found business men, any member of an industry, violating the law by indulging in unfair methods of competition was to file a complaint against him and try it out before the commission. The commission very greatly prefers that every industry should purge itself of any unfair methods of competition. * * * Whenever there is such a meeting the com-

mission sends a presiding officer to help you; that is, the industry itself acting voluntarily.

Then he discussed the matter of jurisdiction and said further:

I want you to understand in the beginning that I am only giving to you my personal advice. The commission is not bound by anything that I may say. Whatever you do here is to be submitted to the Federal Trade Commission. I suppose to some extent that has already been explained to you, but I do not apprehend that you are going to pass anything to-day that will in appearance meet the disapproval of the Trade Commission. I feel sure that taking care of your own interests, your identity with the welfare of the South at large will prompt you to take care of the public interests, of the selling interests, as well as your own.

Mr. PATMAN. Mr. Speaker, will the gentleman yield on that point?

Mr. DRIVER. Yes.

Mr. PATMAN. Judge McCulloch in making different reports has, at least in one instance, said that the interest of the public at these Federal trade practice conferences is represented not only through the commission's participation, but also through its policy of calling consumers into the conference. Does the gentleman know whether or not any consumers or farmers were called into that conference?

Mr. DRIVER. I do not.

Mr. PATMAN. Will not the gentleman in his extension of remarks please consult with the judge and get the names of the consumers and farmers who were called into this conference.

Mr. DRIVER. Of course the gentleman knows when he makes that suggestion that it would be entirely without the possibility of showing that a consumer was invited. This was a meeting initiated by the Cottonseed Crushers' Association and their affiliated interests as the gentleman well knows, and was not called by the Federal Trade Commission, and the only responsibility that they assumed or owed to that conference was to send a representative there to discuss with them the matters that they had before their meeting.

Mr. PATMAN. May I direct the gentleman's attention to the fact that in discussing trade-practice conferences the judge stated in his report that in having just such conferences with the cottonseed-oil people, the interests of the public were represented, not only by the members of the commission present but also by calling in consumers to the conference. According to that, somebody was called in as a witness.

Mr. DRIVER. Neither Judge McCulloch, nor anybody associated with him, called in anybody into this conference, and there is where the gentleman goes far afield as to this conference.

Another thing: There was, prior to the meeting, a code of ethics. That code was agreed upon by the people interested. Section 1 of that code was a controversial proposition at the Memphis meeting. Prior to the Memphis meeting a statement was made by Mr. Humphrey, in which he called attention to the want of publicity to the seller of the price of the product in this industry. Now, when the Memphis meeting occurred, this section of the code was attempted to be changed, and in changing it the conference brought into the open meeting, presided over by Judge McCulloch, a resolution to change section 1, which provided, as they claim, for the character of publicity necessary to give the seller of the product the prevailing prices, and they used the words "current price" or "bid price." The record shows that Judge McCulloch immediately after the reading of that resolution called attention to a decision of the Supreme Court which expressly prohibited the publication of bid or current prices. He said:

If you pass that resolution it will be my duty to carry it back to the commission, but at the same time on the face of it, it is contrary to the law, and you should not impose that burden upon me.

There was a general discussion along that line. The gentleman from Texas [Mr. PATMAN] quoted Judge McCulloch at the wind-up. In answer to a question in that conference—

I wonder why they could not still inject that feature into the resolution?

He said:

You can not put on the face of the resolution a thing that contravenes the law.

Yet the gentleman from Texas, in commenting upon that, attempts to give the impression and impress you with the idea that Judge McCulloch said to that conference that they could place that construction on it, and act in obedience to it, but that on the face of it they must not carry that denunciation of existing law.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. Yes.

Mr. PATMAN. Is it not a fact that the judge was interested in trying to prevent something showing on its face a violation of the law? Of course, he knew that what they were trying to do—that is, to agree to exchange the bid price—was a violation of the law. Did he not say this?—

I am trying to prevent starting out putting something on the face of it that under the law is unlawful to do.

And when the representatives of the industry insisted that they wanted the bid price in it, the judge admitted that one competitor might call another competitor up, although they were not under obligation to do so, and they could confer together. That is a violation of the law, is it not?

Mr. DRIVER. He said:

You can discuss it, but you can not publish a price here that will bind the trade. You must not put on the face of the resolution something that will not be accepted by the commission. I am forced to carry back what you present me with, and the commission will consider anything you pass; but I do not want you to pass a resolution which on its face is a violation of the law.

Under those circumstances this gentleman, who has built up a character beyond reproach wherever he is known, is assailed as having created deliberately in that Memphis meeting a trade combine; a man whose life and conduct have always been of that high type, would stoop to betray the people so intimately related to and engaged in that business. The suggestion is so far-fetched that if it were made in the State of Arkansas or in the confines of the district which my distinguished friend represents it would not be necessary to raise a voice in defense in this body. [Applause.]

That man is removed from that local influence and he is assailed on the floor of this House. The RECORD as made up is sent out to the Nation as a whole, not only condemning him but condemning the body with which he has the honor to serve. I regret that it becomes necessary for me to undertake to present this picture to you. It is a pleasure, however, to do it. I think it is unfortunate that it is necessary to inject this controversy into the subject. The attack which the gentleman is making adds neither dignity or force to his plea and should not receive serious consideration. The subject involves matter of great consequence to a large part of the Nation.

I thank you, gentlemen, for your attention. [Applause.]

The SPEAKER. The Chair recognizes the gentleman from Texas for 10 minutes.

Mr. PATMAN. Mr. Speaker and Members of the House, I would not want to say anything that would detract from what the gentleman has said about the reputation and standing of the gentleman from Arkansas. As I said here yesterday he was a distinguished jurist of that State, a man who was loved and respected by the people; but the point I could not understand was why he should have joined, in the face of his apparent interest in the cottonseed-oil industry, in creating an organization which had for its purpose the depriving of the farmers of the South, among whom he had lived all the days of his life, of $75,000,000 each year.

Now, that is what the oil industry had in mind. If the judge did not see that I do not know why he did not, but the record speaks for itself, and if I am misquoting this record or if these charges are untrue or falsely made, the best way on earth for that Federal Trade Commission to be exonerated would be by having this resolution brought upon the floor of this House, a committee appointed, and an investigation made, so that all the members of this commission might be exonerated.

I even thought so much of this old gentleman because of the name he had made in Arkansas that in the first speech I made I did not mention his name. Of course, our Republican friends here yesterday brought it out, and I told them he was the chairman of that meeting. They did it for the purpose of showing it was a Democrat. That is why they did it, and I do not blame them for it, although I do not believe the judge should be singled out. The whole commission is responsible for the acts of that conference. Everything that was done there was later approved by the entire commission. I say now, and I will say it to the gentleman from Arkansas or anybody else, that that whole commission has performed their duty in such a gross and careless manner that they are each and every one guilty of malfeasance in office. The word "malfeasance" means that they have performed acts they had no right to perform under the law. When I make that statement I make it advisedly and I make it deliberately. I can back up every word I say not only from this record but from other records as well. They have no right to hold these so-called trade-practice conferences.

I desire to invite the gentleman's attention to the fact that the secretaries of agriculture of the various cotton States had a little meeting at Memphis last fall. They represented the farmers of the South, and they even petitioned the Federal Trade Commission to investigate this Cottonseed Oil Trust. Did they do it? No; they did not do it. One of the secretaries of agriculture reported that he had written to the Federal Trade Commission before that, a long time, months before, or weeks, I do not know which, but a long time, and a sufficient length of time for them to make a reply, but they even refused to answer his letter. A secretary of agriculture reported that.

I want to say that if that commission is so blameless, if they have done nothing wrong, they should not fear an investigation at the hands of Members of Congress. If they are not guilty of anything why should they not want an investigation?

Gentlemen talk about these Federal trade-practice conferences being inaugurated back in 1919. They did have a little conference or two, but if the gentleman is informed on this subject he will know that 90 or 95 per cent of these conferences have been held within the last 12 months and certainly within the last 18 months. Why? Because the industries of our Nation have just learned that they can get an agency of our Government to supervise and preside over their meetings, where they can organize a trust and where they can set their prices. There is not a lawyer in this House who will not agree with this statement, that the courts of this country have decided that where one posts a price and then causes it to be given to his competitor, or where he is disclosing to his competitor the current price or giving to his competitor the price which he expects to pay or to give that is a violation of the laws of the United States. Notwithstanding that, I just want to call the gentleman's attention to another little conference they held, in the millwork industry, in which they put out this rule, as found in this pamphlet, Standards of Business Practices. They will get this commission to preside over a meeting of the representatives of the industry, they will be organized, and then they themselves will put out these little pamphlets about Federal trade-practice conferences over the signature of the Federal Trade Commission. I want to read to you one of these rules, and if it is not a violation of the law, you ought to get up and stop me right now.

This is rule 12, and it has to do with sash, doors, and things like that which go into the homes of this country. They got that industry together, or, at least, they sent out notices and presided over the meeting, and I will now read from this rule:

> The industry hereby records its approval of the practice of distributing and circulating to the entire industry current price lists and all notices of advance or decline in prices made by any individual distributor or manufacturer, either by the individual distributor or manufacturer or by the association or group he may be identified with.

Will the gentleman from Arkansas get out of his seat and say that is not a violation of the law?

Mr. DRIVER. That is exactly why Judge McCulloch advised that Memphis conference not to pass that resolution.

Mr. PATMAN. But he approved of this one.

Mr. DRIVER. He approved the one he brought there.

Mr. PATMAN. The gentleman misunderstands me.

Mr. DRIVER. He objected to the resolution they offered and had them strike out the language referred to, and he brought back to the commission the resolution with that eliminated, and Judge McCulloch was responsible for its elimination.

Mr. PATMAN. The gentleman misunderstands me. I am reading from an unfair trade-practice conference held by the millwork industry. This is not the cottonseed conference.

Mr. DRIVER. I do not know about that. I have not investigated that at all.

Mr. PATMAN. I am just pointing out different cases where there could not be any misunderstanding about it. If there had just been this cottonseed-oil industry conference and nothing more, I would not have said anything about it; in fact, I did not disclose this for weeks and months, thinking that probably we would get an investigation and it would not have to be mentioned on the floor of this House. I discussed it with a distinguished member of the delegation from Arkansas and I told him I hated to bring it up here. But here are the facts and here is the record, and there is no way around it, and whenever it comes to a question of whether I am going to refuse to mention the name of a man, however distinguished he may have been, or whether I am going to protect my farmers of the South and your farmers from a loss—and an unfair loss—of $75,000,000 a year, I am going to protect those people that I have sworn to defend and uphold in this body and which you have sworn and have promised to defend in this body.

Mr. DRIVER. Will the gentleman yield?

Mr. PATMAN. Yes, sir.

Mr. DRIVER. Do you mean to say that the resolution as finally modified at the Memphis conference is in violation of the law?

Mr. PATMAN. The one where it said "price paid"? Yes; it was in violation of the law, because it shows on its face their intent. Here is what the resolution said——

Mr. DRIVER. The gentleman has kindly yielded to me and I will ask him to answer my question.

Mr. PATMAN. Yes.

Mr. DRIVER. Was the resolution as amended at Judge McCulloch's instance a violation of the law?

Mr. PATMAN. In connection with what they had told the judge they expected to do and as showing their intent, it was a violation of the law and I will show you how it was a violation.

Mr. DRIVER. No; I did not ask that.

Mr. PATMAN. Let me read the resolution.

Mr. DRIVER. I know what the resolution states. I beg the gentleman's pardon. I do not want to be insistent or to take up his time, but was the resolution that was amended at Judge McCulloch's instance there a violation of the law?

Mr. PATMAN. Yes, sir; in connection with that record, it is a violation of the law, and if the gentleman will just wait, I will show him how. You know the resolution said that—

> We shall make public by all available means the prices bid or paid for cottonseed.

That was the resolution, was it not?

Mr. DRIVER. That was the resolution that was offered there.

Mr. PATMAN. They wanted to fix it so they had to tell their competitors the price, but Judge McCulloch said, "You just leave that out," or words to that effect, "just fix it so the sellers—the farmers—will know, and the other fellows will get it in some way." The record discloses this and the gentlemen knows it. Then they said:

> We must have that bid price.

The judge said:

> It is a violation of the law.

As I explained to you here yesterday. He reluctantly yielded, and they came on and said:

> We must have that bid price.

And, finally, Mr. Benet, who was the general counsel, said:

> Must we put it as the price we have paid for cottonseed?

This would have been in conformance with the law, everybody admits that, but the judge said:

> No; you need not put it "have been paid."

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Speaker, I ask for two minutes more.

The SPEAKER. The gentleman from Texas asks unanimous consent to proceed for two additional minutes. Is there objection?

There was no objection.

Mr. PATMAN. He said:

> I do not ask you to put it "have been paid," just put the word "paid" there.

Well, what does this indicate? It indicates the prices they are paying, the prices paid or posted up, and, after all, they got exactly what they wanted, and in carrying that out they set the price of cottonseed in the South to such an extent that the farmers lost approximately $75,000,000.

Mr. DRIVER. Will the gentleman yield there?

Mr. PATMAN. Yes, sir.

Mr. DRIVER. Was the resolution carrying the word "paid" a violation of the law?

Mr. PATMAN. In connection with their intent, it was.

Mr. DRIVER. That makes it dependent on something else, but I am asking the gentleman if that resolution carrying the word "paid," which presupposes a past transaction, was a violation of the law.

Mr. PATMAN. It was a sufficient violation of the law that the Attorney General of the United States stopped them from doing it. Is not that sufficient? Did not the gentleman hear Mr. SNELL get up here yesterday and say the Attorney General had stopped them?

Mr. DRIVER. I did not.

Mr. PATMAN. Well, he did say it, and he [Mr. SNELL] is here now, and he would deny it if I were not quoting him correctly.

Mr. DRIVER. If the gentleman will permit me, the gentleman knows that the Supreme Court, in the Maple Flooring case, said that the Attorney General was wrong.

Mr. PATMAN. I know what that case was. That was with respect to a past and closed transaction.

Mr. DRIVER. The gentleman is learned in the law and the gentleman knows that in that case the Supreme Court said the Attorney General was wrong.

Mr. PATMAN. But this cottonseed resolution was a future transaction.

I wish I had more time. I would tell you about a half dozen of these industries they have organized. If they have organized one, they have organized fifty, and they are about as bad as the Cottonseed Oil Trust, and this is one thing that is injuring the country to-day. These big industries are charging excessive prices and are making excessive profits and taking so much money for the things they sell that the other men in different lines of business can not sell their goods. [Applause.]

The SPEAKER. The time of the gentleman from Texas has expired.

THE BANK FOR INTERNATIONAL SETTLEMENTS

Mr. McFADDEN. Mr. Speaker, I want to refer briefly to one or two things. The month of February is the month in which this country and this House usually celebrate the memory of Washington and Lincoln. Two years from now we are going to celebrate the two hundredth anniversary of the birth of George Washington; and as a text of what I am about to say I want to quote from Washington's Farewell Address, because I think it is a proper text for me to have as an introduction to the remarks which are to follow.

The SPEAKER. The Chair assumes that the gentleman is speaking in his time of one hour?

Mr. McFADDEN. No, Mr. Speaker; I asked for 30 minutes to address the House out of order, not to be taken out of the hour.

The SPEAKER. The Chair understood that that was objected to. The gentleman from Pennsylvania asks unanimous consent to proceed for 30 minutes out of order. Is there objection?

There was no objection.

Mr. McFADDEN. I read from Washington's Farewell Address:

> Against the insidious wiles of foreign influence (I conjure you to believe me fellow citizens), the jealousy of a free people ought to be constantly awake; since history and experience prove that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.
>
> The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Here let us stop.

Mr. Speaker, reports emanating from Frankfort, Germany, the latter part of January stated that Gates W. McGarrah, chairman of the board and Federal reserve agent of the Federal Reserve Bank of New York, was to become chairman of the board of directors of the Bank for International Settlements. Confirmation of this assumption has appeared in the New York papers during the past week, and on February 22, Washington's Birthday, the New York Times said in its headlines:

> G. L. Harrison sails for bank parley. Local Federal reserve's head will confer abroad on gold and other problems. Wide interest aroused. America's part in operation of international bank expected to be discussed.

The article states that Mr. Harrison, who is governor of the Federal Reserve Bank of New York, sailed for Europe on last Friday evening on the *Majestic;* that during his stay abroad he will visit the principal European correspondents of the reserve bank; that this trip is particularly opportune, coming at a time when the central banks of Europe and this country are faced with a number of perplexing problems, and stresses particularly the foreign-exchange markets and the international gold situation. The article says that he will have discussions with the governors of the Bank of England and the Bank of France, and incidentally mentions that another subject to come up for discussion, when the governors of the central banks meet, is the part which the Federal reserve is expected to play in the operation of the Bank of International Settlements, which is soon to be established at Basel, Switzerland. It adds that the governors of the banks of issue are expected to meet in Rome to elect a board of directors of the international bank and at that time they will choose the American directors of the institution and extend invitations to them. The article states further that it has become a regular practice in recent years for the governors of the European central banks and the governor of the Federal Reserve Bank of New York to visit each other for the purpose of considering central banking problems and refers to the two visits to America last year of Montagu Norman, governor of the Bank of England.

It will be recalled that on the first visit of Governor Norman a definite change of Federal reserve policy took place—a policy of inflation to a policy of deflation. On his second visit, further restrictive measures were agreed upon and put into operation both by the Federal reserve system and the Bank of England, and shortly thereafter the financial debacle of last October occurred.

There is no question about the importance of these conferences between the governor of the Federal Reserve Bank of New York and these foreign bankers. The article quoted further states that it is the policy of the Bank of England and of the Federal Reserve Bank of New York to describe these interchange of visits of their governors as "vacations," and that no significance is ever attached to them in official circles, and the social aspects of the trips are stressed.

However, the news item mentioned must be based on some official statement issued by the Federal Reserve Bank of New York; and I am now inquiring as to whether it is true that the Federal Reserve Bank of New York is proceeding contrary to the administration's policy as described by Secretary Stimson, of the Department of State, on May 19, 1929. I believe that the State Department should immediately call upon the Federal Reserve Board for full information regarding any activities of the officers and directors of the Federal reserve banks and the board itself may have engaged in, in connection with the organization or proposed operations of the Bank of International Settlements. If the State Department does not do this, we can feel justified in assuming that the department's statement of last May meant nothing, and was issued for some other purpose than the impression that it created at that time. The statement was apparently intended to be definite and complete in expressing administration opposition to our being involved officially in any way with the machinery or affairs of the international bank. Does this mean that the Federal reserve management has been acting contrary to a mandate of the State Department? If the Federal reserve management is participating in any manner in the discussions attending the organization of the Bank of International Settlements, so as to insure the control and management of all international financial transactions between this country and other countries through the use of the assets of the Federal reserve system, it apparently means that the participation of this country in the Bank of International Settlements is to be by and through the banking house of J. P. Morgan & Co. I insist that Congress should be fully advised and that legislative authority for such relationship with J. P. Morgan & Co. to represent the Federal reserve system in all international financial operations should be considered, or the right of the Federal reserve system to participate indirectly by and through the private banking house of J. P. Morgan & Co. in their contact on international matters should be forbidden.

Let me analyze for a moment the position of the State Department as regards the vexing question of German reparations. The position of the Government is clearly stated that it does not desire to have any American official directly or indirectly participate in the collection of German reparations through the agency of the Bank of International Settlements, and in this its position is perfectly consistent. Our Government has never accepted membership on the Reparation Commission. It has declined to join the allied powers in the confiscation of the sequestered German property and the application of that property to its war claims. It does not now wish to take any step which would indicate a reversal of that attitude, and therefore it issued the statement of May 19, 1929, that it would not permit any officials of the Federal reserve system either to themselves serve or to select American representatives as members of the proposed international bank.

To make clear the position that the United States does not propose to tie up German reparations with the payment of loans owed to this Government by foreign countries, I desire to quote from the Yale Review, winter of 1930 issue, an article on the war debts by Gerrard Winston, former Undersecretary of the Treasury and secretary of the Debt Refunding Commission, as follows:

The American policy of making each loan on the sole credit of the particular borrower and refusing to accept any substitution of debtors began when the first dollar was loaned. It runs through each Liberty bond issue and every document and governmental action. The statement in the Balfour note that we loaned other nations on England's credit was sharply contradicted and its incorrectness admitted. The plan to have the United States accept Germany as debtor on the Belgian prearmistice loans was declined. The law authorizing the debt settlements specifically prohibited any substitution of debtors. In each settlement the ability to pay of the particular debtor was alone considered. If anything could establish an American policy it has been done; step after step consistently the United States has insisted that the war debts to it were not to be conditioned upon German reparation payments. This was sound policy. We wanted to stay clear of European entanglements and to treat with those to whom we loaned money, not with strangers. In this there was also logic because our debts represented war costs, and under the armistice terms and the treaty of Versailles, Germany was not required to pay any war costs of the Allies. So much for the American policy. Europe to-day boasts, and boasts loudly, that it has finally outmaneuvered the United States. In the Young plan Europe thinks that it has tied together reparations and war debts. It has already been suggested that France, for example, by directing the new international bank to collect from Germany the reparations representing its debt to the United States, and to pay these sums over to the United States, relieves itself of all obligations to America. Mr. Winston Churchill an energetic protagonist of British debt views, has indicated that England has no further interest in war debts so long as Germany pays. This, of course, does not represent the view of the administration at Washington.

The concurrent memorandum, attached to the Young plan, and not signed by the American experts, is an interesting example of the game which must have gone on during those months of negotiation in Paris. The German reparation installments are fixed for the first 37 years to cover reparations and war debts, and for the last 22 years to cover only war debts. The concurrent memorandum provides that in the first period the benefit of any reduction of war debts goes two-thirds to Germany and one-third to the war debtor, and in the last period all benefit accrues to Germany. If the Allies want to collect from Germany only enough to pay their war debts, why should they retain a one-third interest in any cancellation, or why should this be for a part and not all? It is amusing to note the way hoped-for charity from America has been used for chips in the international poker game.

None can avoid the proposition that reparations and war debts have a connection. Receipts from Germany give a nation funds in addition to what it raises from taxation, with which to pay its debts, to the benefit of both debtor and creditor. But to step beyond this and argue that the war debtor may force his creditor to release him and to accept a new debtor, is an attempt to make a new contract for the creditor against his consent. To take a simple example, I may loan a sum of money to a young man having a small salary and allowance from his father. If the allowance stops, perhaps my loan is endangered, but if in the meantime the young man has materially increased his salary my loan is still good. Certainly I would object to being told I must look to the allowance alone for repayment. If German reparations fail, a nation could, if it saw fit, refuse to fulfill its solemn undertaking represented by its debt settlement. If it had any other means of payment, this refusal could not be justified by any Young plan or any bank for international settlements. It would be simply repudiation—a privilege accorded alone to sovereignty.

I have referred previously to the fact that the Bank of International Settlements comes from the creative mind of the vice chairman of the board of the Federal Reserve Bank of New York, and have pointed out that the assistant Federal reserve agent of the Federal Reserve Bank of New York was in close consultation with its sponsors at Paris at the launching of the bank during the formulation of the Young plan. I have shown how the present chairman of the board of the Federal reserve bank became a director of the Reichsbank of Germany under the Dawes plan, and I have referred to the fact that the first chairman of the board of the Federal Reserve Bank of New York resigned his position and accepted a position under the reparations agent in Germany, who was charged with the responsibility of collecting German reparations funds. I have shown how the chairman of the board and the present Federal reserve agent of the Federal Reserve Bank of New York is to become president and a director of the Bank of International Settlements, and I have quoted from last Saturday's New York Times from a statement showing that the governor of the Federal Reserve Bank of New York sailed last Friday to confer with the heads of the foreign banks of issue who are to become directors and officers of the Bank of International Settlements, and that while he is abroad an important meeting is to be held in Rome, Italy, when the final consummation of the board of directors and all details looking toward the opening of the bank is to be held.

At this point I wish to make a statement in regard to the meetings of the heads of the central banks so that we may understand exactly how this close-working arrangement started and has continued.

Mr. WINGO. Before the gentleman leaves that subject will he yield?

Mr. McFADDEN. I yield to the gentleman.

Mr. WINGO. Is it not a fair assumption that the State Department has the same information before it as the gentleman has?

Mr. McFADDEN. I do not know.

Mr. WINGO. They can read as well as the gentleman. Does not the gentleman know that everything that has been done has been done with the full knowledge of the State Department and the Federal Reserve Board?

Mr. McFADDEN. The statement issued by the Secretary of State last May would not indicate that such was the case.

Mr. WINGO. That was an academic statement intended—from the gentleman's standpoint—as camouflage. The fact is that the Federal Reserve Bank of New York goes contrary to the policy of the Federal Reserve Board after consultation with the board, and they have not condemned it. Has the gentleman got any inside information as to why the Secretary of State and the board are being overruled?

Mr. McFADDEN. I am taking the statement as shown on the face of it, and that no other information is apparently being given out.

Mr. WINGO. The gentleman is not so unsophisticated as to know that the intention is to slip us into the League of Nations by the back door.

Mr. McFADDEN. I think that is exactly what is taking place.

Mr. WINGO. Why not call on them to give you the information directly? Why not introduce a resolution asking the President to give you the information?

Mr. McFADDEN. Before I finish my remarks the gentleman will be satisfied with the course that I propose taking.

Mr. WINGO. No; I will be frank with the gentleman. I think it is the duty of the gentleman to say to his own State Department and his own Federal Reserve Board—if I were to do it they would say, "Oh, the Democrats are playing politics." The gentleman knows that they are doing the things of which he complains with the consent of the State Department and the Federal Reserve Board, and if it is wrong why does not the gentleman take the necessary steps to prevent these things?

Mr. McFADDEN. I will say to the gentleman that I have prepared and am about to introduce a resolution calling upon the Secretary of State and the Secretary of the Treasury to furnish this Congress with full detailed information with regard to this matter.

Mr. WINGO. And in the meantime the devilment is going on, a meeting is being held in Rome, and we are being committed to these things. Why wait until the horse is stolen before we lock the door? Why not take some action instead of talking about it, assuming the gentleman's charges are true?

Mr. McFADDEN. I began to discuss this matter a year ago, and I discussed it in this House 10 days ago. However, there was no apparent notice of it either by the State Department or the Federal Reserve Board. I have concluded, and part of my remarks here to-day is an indication of a definite action by the introduction of two resolutions which have a preferred status in this case, and if they are not acted on immediately the House can act on the matter itself.

Mr. WINGO. Is it not true that the administration assumes that since the Senator from Missouri, Mr. Reed, has gone that they can safely get away with this, and that the only person who criticizes it is the gentleman from Pennsylvania [Mr. McFADDEN], who talks about it but does nothing?

Mr. McFADDEN. The gentleman is talking about the Senate, and a mere Member of the House would not want to discuss the procedure in the Senate.

Mr. WINGO. I am talking about an ex-Member of the Senate. The gentleman is apparently the only defender of the Washingtonian theory against entangling alliances, so the administration feels safe. Uncle Andy is not scared by what the gentleman is saying, is he? If they are doing wrong, why does not the gentleman by proper resolution say they shall not do it, that they shall not turn the Federal reserve system into a partnership with these European banks and unload on us the German reparations bonds and make us pay Germany's debts to the Allies?

Mr. McFADDEN. Let us get the information first correctly from the departments.

The year 1923 witnessed the culmination of the postwar crisis in European finance. Monetary conditions were in a state of

chaos. Exchanges were completely demoralized. The League of Nations, realizing this critical situation, elaborated and put into operation a reconstruction scheme, and, in cooperation with the governments which were relinquishing their priority claims and guaranteeing a portion of the reconstruction loans, enabled Austria to obtain the funds required for the stabilization of the krone. The Bank of England made an advance to the Austrian national banks for stabilization purposes between the period of the conclusion of the agreements and the actual issue of the loan. This support was the first public act of cooperation between central banks after the war.

Prior to that the only knowledge we have of central-bank cooperation was in the case of the Bank of France with the Bank of England during the Baring crisis.

During the war there was, of course, some cooperation between the allied central banks, and also between the Reichsbank and other banks of issue among the German allies. It was not, however, until after the war that a systematic movement was attempted and, it was largely, if not exclusively, due to the initiative of Mr. Montagu Norman, governor of the Bank of England, through his personal friendship with the late Benjamin Strong, governor of the Federal Reserve Bank of New York, that the United States was induced to cooperate financially, if not politically, in European affairs. Most of Mr. Norman's work for reconstruction was done behind the scenes. The alliance began with a select group of leading institutions, but later included almost all of European central banks. Nor was it confined to Europe and the Federal reserve system—or more particularly the Federal Reserve Bank of New York—which played the leading part from the outset. The Japanese and the Egyptian banks of issue were also aided. There were some indications that eventually all central banks within and outside of Europe would cooperate. Two purposes were to be served—monetary stabilization and the prevention of a scramble for gold by central banks. There was also a secondary objective, which was a means to an end rather than an end itself; that is, the establishment of closer business relations between central banks, which would at the same time help solve the problem of reparations transfers.

The promise of an advance made at the instance of the League of Nations by the cooperating banks, principally the Bank of England, to the Austrian National Bank enabled Austria to benefit by the loan months before it was actually issued. Similar services were rendered to the Hungarian National Bank.

When it came to Germany's turn to be assisted, a group of central banks was formed to support the Reichsbank by means of placing capital at the disposal of the gold discount bank. In this a large number of central banks participated. The stabilization of the franc, the lira, the zloty, the drachma, and the other units of exchange was carried on through the aid of the credits granted by the grouping of central banks, and, as I have already said, this cooperation was, of course, given to the restoration of the gold standard in Great Britain. This, however, was granted exclusively by the Federal reserve system.

Although the efforts of central banks were generally conducted within the League of Nation's scheme, on occasions they acted independently. Take the case of Poland, for instance. There a plan was arranged without any assistance from the League of Nations by a group of central banks. Assistance was also given to Rumania by the central banks, notwithstanding the fact that there was some controversy as between the Franco-American scheme and the League of Nations scheme.

Similar credits were granted for stabilization purposes to Bulgaria and Estonia, under the auspices of the League of Nations. Such assistance was also given, though principally by the Bank of England, to Greece, Asia Minor, and parts of Turkey, and the Bank of England assisted the Bank of Danzig. The Bank of Spain was, during this period, assisted by Anglo-American banking groups, headed by the Midland Bank of London and J. P. Morgan & Co. It was indicated, and probably not without reason, that this loan was made on the principles of the finance committee of the league, which were largely inspired from Threadneedle Street. It is perfectly plain that the assistance given by these central banks to those countries desirous of stabilizing their currency was not prompted exclusively by philanthropic considerations. There were many self-benefits to be derived.

The second principal aim of this movement of cooperation between central banks was the regulation of the demand for gold for central banks. Although the principal holders of gold are willing to assist these central banks in their endeavor to build up their gold stocks, they have a natural desire to prevent any sudden demand upon their own resources. Take the case of New York. Heavy withdrawals by a number of foreign central banks could be very embarrassing. This applies equally to London. Inasmuch as the gold stock is greater in New York than in London, a lesser withdrawal from London would be more embarrassing. Because of this fact, these central banks, which includes the Federal Reserve Bank of New York, have reached an understanding by which central banks try not to withdraw any gold from one without the others consent, and the same principle governs the earmarking and release of gold held by the Bank of England and by the Federal Reserve Bank of New York on account of foreign central banks. This is a splendid working arrangement for these foreign banks of issue who are hard put to maintain sufficient gold to back their legal reserve requirements.

Another auxiliary, beside the cooperation of central banks, which has been used to facilitate their task of the transfer of funds, is the agent general for reparation payments. These arrangements have been largely made and carried out behind the scenes and the agent general for reparation payments has frequently participated in the conferences of the central banks.

That Montagu Norman, governor of the Bank of England, is the moving spirit in all of these international economic, financial, and political relationships involving the Federal reserve system there can be no doubt, nor can there be any doubt that it was his influence over the late Governor Strong that brought about the active cooperation of the Federal Reserve Bank of New York, thus involving the Federal reserve system. His frequent visits here—some of them very secretive—particularly his visit in 1926 when the conference took place in the Treasury Department between the head of the Reichsbank, the head of the Bank of France, and the reparations agent in regard to a plan involving the pledging of the railways of Germany back of a note issue which was to be underwritten in France, Germany, and the United States, and which, I understand, was agreed to by our Treasury authorities, but was headed off by President Coolidge, further indicates the tie-up of reparations international bank conferences and the Federal reserve system with international affairs. If this plan had not been blocked by President Coolidge, we would have witnessed a commercialization of the German war debt and a transference from the allied countries, to whom Germany owed these debts, to the private investors of these countries and the United States, principally the United States. It was proposed in the treaty of Versailles that the German war debt should be commercialized and unloaded upon the United States. So the framers of the Dawes and Young plans and the reparations agents and the international bankers have not changed—they never do; they still intend to do this in some way. They know not defeat.

Mr. RAMSEYER. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. RAMSEYER. The gentleman speaks of an agreement made in the treaty of Versailles about unloading this on the United States. That was not incorporated in the treaty.

Mr. McFADDEN. Oh, no.

Mr. RAMSEYER. It is probably an understanding on the outside with the international bankers?

Mr. McFADDEN. Oh, yes; it is clearly read in between the lines.

It will be plainly seen how closely these conferences have to do with the financial department of the League of Nations, reparations, and international financial transactions. These conferences, originating with the governor of the Bank of England, have become so important a part of European economic, financial, and political affairs that they are to be given a legal status by centering their future activities in the Bank for International Settlements. Because of this fact we are about to witness another one of these important conferences between central banks, at which conference the finishing touches will be put upon the organization of this International Bank for Settlements.

The plan of the organizers of this bank indicates that its board of directors is to be composed of the governors of the Banks of England, Belgium, France, Italy, and one other director of each of these banks, and that Gates W. McGarrah, now chairman of the board of the Federal Reserve Bank of New York, and Leon Fraser are to represent J. P. Morgan & Co., the managers; and I quote an article from the New York Herald Tribune, "World's Bank Directorate Nearly Filled," bearing a Washington headline, as follows:

WORLD'S BANK DIRECTORATE NEARLY FILLED—MOREAU AND BRINCARD TO SERVE FOR FRANCE; ADDIS FOR BRITAIN; MCGARRAH AND FRASER FOR AMERICA

WASHINGTON, February 18.—The make-up of the board of directors of the Bank for International Settlements has been virtually completed, it was learned in authoritative circles here to-day, and an announcement of the names of the directors chosen by the governors of the several central banks is expected to be made from Rome next week.

The French directors, it is learned definitely, will be Emile Moreau, governor of the Bank of France; Baron Brincard, president of the

Credit Lyonnaise, one of the largest commercial banks in Paris; and Baron der Vogue, president of the Suez Canal Co.

One of the two English directors will be Sir Charles Addis, vice president of the Hong Kong and Shanghai Bank, who was a delegate, following the death of Lord Revelstoke, to the experts' conference which drew up the Young plan in Paris a year ago. Whether Montagu Norman, governor of the Bank of England, will exercise his prerogative, as Governor Moreau is exercising his, to name himself to the international bank's board is not yet known, but it is considered quite likely.

BELGIUM'S TWO DIRECTORS

Belgium's two directors will be Emile Francqui, vice governor of the Societe Generale de Belgique, Brussels, who was a member of both the Young and Dawes plan committees, and Paul van Zeeland, of the Bank of Belgium, who is now a member of the subcommittee which is completing plans for the setting up of the new bank.

The United States will have Gates W. McGarrah, now chairman of the board and Federal reserve agent of the Federal Reserve Bank of New York, and Leon Fraser, New York attorney, who for three years was general counsel for the Dawes plan on the board of directors of the international bank.

Indication has not yet come from Germany as to the names of the three directors which the country will be allowed to have on the bank's board. Well-informed persons here have heard rumors of the identity of the German directors, but as the reports are unofficial it is not known how much faith should be placed in them. No information is yet available regarding Italy's directors, although it is held quite probable that Governor Stringher, of the Bank of Italy, will himself serve as one of the directors.

MEETING IN ROME FEBRUARY 26

Governor Norman, of the Bank of England; Governor Moreau, of the Bank of France; Governor Franck, of the Bank of Belgium; Governor Schacht, of the Reichsbank; and Governor Stringher, of the Bank of Italy, are scheduled to meet in Rome on February 26 to compile finally the list of directors of the new bank. Inasmuch as it is already agreed—except, perhaps, in the case of Germany—just who the bank's directors will be, it is thought that the governors will announce the names of the international bank's directors on the first day of their meeting in Rome.

Another matter for the governors to decide at their Rome meeting is whether Pierre Quesnay, of the Bank of France, will receive the appointment as managing director of the new bank. He is favored by most of the nations which will be directly interested in the international, but opposition to his appointment has developed in Germany.

It was originally planned that the central bank governors would meet in Rome on February 15, but at the last moment a postponement until next week was asked by one of the governors.

The information here is that Mr. McGarrah and Mr. Fraser most likely will sail for Europe within the next two weeks, probably around March 1, and will proceed to Basel, Switzerland, where the new bank will be located, for the first meeting of directors probably on March 10. At that meeting the directors are scheduled to proceed formally with the election of Mr. McGarrah as chairman of the board and president of the Bank for International Settlements. It is expected that from among the directors several vice presidents will be chosen. The information reaching Washington is that Mr. Fraser will be selected deputy president of the bank and charged with the responsibility of presiding at meetings of the board of directors when Mr. McGarrah is absent.

MOREAU HELPED STABILIZE FRANC

Emile Moreau has been governor of the Bank of France, one of the most important banks of issue in the world, since 1926, having been appointed by Premier Cailleaux to succeed Governor Robineau. Governor Moreau played a prominent rôle in the stabilization of the French franc, and his work in defending the franc and insuring its stability was recognized by his promotion in February, 1927, to the rank of grand officer of the Legion of Honor.

M. Moreau began his banking career in 1906 when he was appointed a director of the Bank of Algeria. Five years later he was made its director general. As governor of the Bank of France, M. Moreau occupies an unusually important rôle in world finance because of the large gold reserve now at the institution's command.

Baron Brincard is one of France's commercial bankers by virtue of the position he holds as president of the administrative council of Credit Lyonnaise. Baron Brincard also is an administrator of the Society Fonciere Lyonnaise, of the Credit Union of National Industry, and of the Compagnie des Forges de Chatillon. He is an officer of the Legion of Honor.

Sir Charles Stewart Addis is a British financial authority of international reputation. Born in November, 1861, he received an appointment in 1880 to the London office of the Hong Kong and Shanghai Bank. In 1886 he was sent to China as manager of the bank's Peking branch, where he remained until 1905, when he was recalled to become joint manager in London. In 1911 he was appointed London manager of the Hong Kong and Shanghai Bank, and in 1913 was knighted.

ADDIS CONFERRED AT PARIS

After the Dawes plan was adopted he was made British representative on the general council of the Reichsbank, a position which Mr. McGarrah has held for the United States. He was appointed alternate to the experts' conference in Paris early last year, and upon the death of Lord Revelstoke he was named head of the British delegation to the conference.

The board of directors of the international bank will have no more colorful member than Emile Francqui, of Belgium, former Minister of Finance, veteran of the Congo and China, who, because of his efforts to stabilize the Belgian franc, was to Belgium what Poincare was to France. He was described at the Paris conference, where he was the chief Belgian delegate, as "a physically magnified Poincare, sharp and unreserved where the French Premier is cold and impersonal. M. Francqui has been described as burly of figure, burly of voice." He is rated as the richest man in Belgium and among the 12 richest men in Europe. When M. Franck sees fit to retire as the governor of the Bank of Belgium M. Francqui is slated to succeed him.

HELPED FRAME DAWES PLAN

In 1924 M. Francqui was a member of the committee which drew up the Dawes plan. Two years later, when the Belgian currency began its rapid descent, he was appointed Minister of Finance, and in a few weeks succeeded in stabilizing the currency and floating the funded debt. After having completed this task he resigned his portfolio and resumed his business career. He is now vice governor of the Societe Generale de Belgique.

Paul van Zeeland was associate delegate to the Baden-Baden conference last fall, at which the statutes of the Bank for International Settlements were drawn up. He attended the later meetings of the bank's organization committee at The Hague last month and was appointed a member of the subcommittee to perfect the final plans for the opening of the bank in April.

Mr. Siepman, of the Bank of England, who also has been serving on the bank's subcommittee, is slated to become associated with the new institution in some capacity, although it is felt unlikely that he will be named a director. Mr. Siepman has had charge of the Bank of England's relations with other central banks and in this work has gained a wide acquaintance in European banking circles. It is believed that he will be engaged by the international bank in a similar capacity.

As soon as the organization is perfected and the bank opened under the Young plan, almost the first business will be to supervise the issuance of $300,000,000 worth of reparations bonds. Of this issue the plan contemplates the sale in this country of $100,000,000 or more of these reparations bonds or as much more as the American market will absorb, to be immediately followed by a further bond issue of many hundreds of millions of dollars. Accredited authorities estimate that the United States is to absorb within the next five or six years between five and six billion dollars' worth of these German reparation bonds. I respectfully invite the attention of our State Department to this announced plan and ask them whether or not they are going to give their approval publicly or by silence to an exploitation of the American public in this manner. The State Department has heretofore assumed to pass upon or disapprove issues of securities by foreign countries to be sold in the American market, which precedent should establish a definite responsibility in this particular instance.

In view of the fact that the Morgan firm are very shortly going to offer these securities to the American investing public, I desire now to raise the question definitely as to the legality of these reparation bonds, proposed to be issued and sold in part to the American people through the house of J. P. Morgan & Co. and the Bank for International Settlements.

Mr. BRIGGS. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BRIGGS. The effect of that would be to transfer from Europeon nations to the United States the relationship of creditor to Germany with respect to reparations.

Mr. McFADDEN. I think the gentleman is correct. My attention has just been directed to a stipulation in the convention of April 1, 1920, articles 5 and 8, which has to do with the pledge of the property and income of the Federal States in Germany under the Dawes plan as continued under the Young plan. This act provided, and has been so interpreted by the councilor of the Reichsgericht, that the Government must have the consent beforehand of the interested State. And the Reichstag in August, 1924, was advised by the representatives of several of the States when they voted against the railway law, then under consideration, that they were compelled to abstain because they were not authorized to consent to the pledging of the States' property for the funding of the Government debts contracted before the 1st of April, 1920, which, of course, means the war debts, the payment for which these reparation bonds are to be issued.

From the German legal point of view, this matter is of far-reaching importance and can not be brushed aside by any well-meaning or plausible arguments which do not alter the basic fact of legality. It is important for us to understand in this connection that the Reichsgericht is the supreme court of justice, the Reichstag is the parliament, the Reichsrath is the empire council, and the Landtag is the States' legislature. Let us bear in mind that the Young plan, of which the Bank for International Settlements is a part, was submitted for ratification to the German Reichsrath, the empire council, and not a parliamentary institution. The members of this council are not elected; they are the direct delegates of the various governments of the Federal States. They are consequently State officials and absolutely independent of the German Government. The German Government concluded a convention with the German States, dated April 1, 1920, wherein the German Government was declared to be a trustee for the railways. Therefore, this convention was in fact a charter fixing and limiting body of the German Government to manage the railways. Incidentally, the railways own the properties of the Federal States. In this connection, I wish to refer to part 3 (a) of the Young plan dealing with the composition of the annuities. The "railway company" as mentioned in this plan is an administrative body appointed by the German Government and consequently has no connection with the Federal States. Therefore, the railway company is under the direction and exclusive control of the German Government and the power granted by the latter to it is limited by the convention of April 1, 1920. By article 8 of that convention the German Government can not pledge the revenues of the railways except with the express consent of the various States. This consent, I understand, the German Government has never received, either under the Dawes plan or the Young plan, although the Reichstag, the parliament, has ratified the Dawes plan. This ratification, however, does not bind the independent legislatures of the Federal States who alone can decide such matters; consequently the German Government has pledged the revenues of the railways to the foreign countries. It would appear that it expects, by this method, to confiscate the properties belonging to the Federal States. This decision is most important, as article 5 of the convention of April, 1920, expressly stipulates that the revenues of the railways can not be applied for war-debt payments. Therefore, I insist that the Reichsgericht, the supreme court of Germany, can cancel such confiscation authority which, if done, will release the German Government of any guaranty to her former allies on account of war debts, as a fundamental illegal act can not have a legal responsibility.

Mr. BRIGGS. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BRIGGS. Assuming that what the gentleman predicts is correct, that the ultimate intention is to float about five or six billion dollars worth of bonds, largely to be absorbed in the United States, what recourse would the bondholders have within the United States for the payment of the bonds in the event of default thereon?

Mr. McFADDEN. I think they would have all kinds of difficulties and would probably be appealing to their Government for relief?

Mr. BRIGGS. In other words, the United States would have to come to the rescue, as far as it could, and meet those obligations, and its only recourse would be upon Germany in that case?

Mr. McFADDEN. Yes.

Mr. BRIGGS. With the resulting pressure to be relieved of these responsibilities as part of the war debts, as time goes on?

Mr. McFADDEN. Yes.

Mr. BRIGGS. In other words, leaving the United States to bear and absorb the reparations which Germany undertakes to pay to the European allies?

Mr. McFADDEN. The gentleman is correct. I am dealing more fully with that situation a little later on.

Part 8 of the Young plan provides that the basis of payment under the Dawes plan shall cease as of August 31, 1929, and that from the effective date of the Young plan, Germany's previous obligation shall be entirely replaced by the obligation laid down in the later plan, and that the payment in full of the proposed annuities in accordance with this plan shall be accepted by the creditor powers as a final discharge of all the liabilities of Germany still remaining undischarged, referred to in section 11, part 1, of the Dawes plan as subsequently interpreted under the London agreement of August 30, 1924. This means that the Bank of International Settlements is to collect the reparation payments and distribute them to the former allies.

Now, I desire to point out that if the railway contributions under the Dawes plan were illegal, it stands to reason that, in accordance with the convention of April, 1920, as interpreted by the Supreme Court of Germany, it is also illegal for the contribution to be effected under the Young plan. The amount of annual contributions under the Dawes as well as under the Young plan are 660,000,000 gold marks. One difference is that the bonds which were delivered by the railway, according to the Dawes plan, will be destroyed, and in lieu thereof the railway must deliver a certificate acknowledging that the debt will be paid. A further difference is that in the Dawes plan annual payments were called contributions but under the Young plan they will be called taxes. This is flagrantly an instance of doing in an indirect way what can not be legally done in a direct way and is absolutely illegal.

If competent legal German authority is to be believed—and I am relying on the opinion of Doctor Hüfner, who is councilor of the Reichsgericht, a position similar to a member of the Supreme Court of the United States—the promoters of the Dawes plan have completely disregarded the German laws. This must necessarily continue to create a chain of irregularities with disastrous consequences.

For your further information, I desire to call your attention to paragraphs on pages 773–774 of the Reichsgesetzblatt No. 95, 1920, as follows:

SECTION 5.—SECURITY

1. The Reich is pledged to pay the amounts of interest and amortization for the consolidated debts which it has assumed, and for that part of the settlement which was not covered by taking over the debts of the states in the first place, from the gross surplus of the Reich Railway Administration (surplus of the ordinary revenues over continuous expenses). The items of income and expenditure which are contained in chapters 3 and 87 of the budget of the Reich Railroad for the financial year 1918 are considered ordinary income and continuous expenditure. The responsibility of the Reich is not altered in case a gross surplus is not attained or in case the gross surplus does not suffice to cover the amounts of interest and amortization.

2. The capital and revenues of the Reich Railroad Administration are not responsible for debts incurred by the Reich prior to April 1, 1920.

3. Upon the demand of a state, the Reich, in order to safeguard for the states that part of the settlement allowing time for payment, will grant a lien to the land and other property belonging to the railroad enterprises of the Reich.

SECTION 8.—SALE, MORTGAGE

The Reich must have the sanction of the state governments to any sale or mortgage of the railroads which have been acquired under this contract.

If contrary views are held by the creditors of Germany in regard to this matter, they can not alter the facts. If they are accepting, as they apparently are, the decision of the Reichstag, they must also accept the higher German authority of the Reichsgericht. Because of these facts, the bonds, when issued, will be subject to repudiation. I consider this matter of the highest importance and point to the fact that the colossal war debt in Europe is not considered to be a commercial debt, and in authoritative German quarters it is no secret that they propose to take advantage of this irregularity. Also I would point to the fact that the late Minister Stresemann disclosed categorically that Germany means to pay only for a period of 10 years, while the Young plan contemplates payment over a period of 58 years. So just suppose that we are to believe the statement of that most distinguished statesman in regard to this matter; that in 10 years there will be billions of dollars worth of German reparation bonds in the United States, owned by our citizens, purchased through the Bank of International Settlements and the house of J. P. Morgan & Co., indirectly assisted by the Federal reserve system. What will the situation be in this country if repudiation takes place? And I call your attention specifically to Article IV of the Constitution of the United States, by which financial obligations of the various States are restricted to the United States. A number of the States of this Union have taken advantage of this restriction to repudiate the debts contracted to foreign countries, and I point to the fact that this repudiation by the States is still a matter of serious controversy between England and the United States.

Mr. RAMSEYER. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. RAMSEYER. With regard to the statement of Herr Stresemann, was that made in a public address before the Reichstag? I never heard of it before.

Mr. McFADDEN. I hold in my hands at this time a copy of the London Times dated June 25, 1929, and refer to an article headed Reparations—Germany and the Young Plan. It is dated Berlin, June 24, and is from the London Times correspondent, reporting the proceedings of that day, in which the language of Stresemann was quoted.

Mr. RAMSEYER. Was that speech made in the Reichstag?
Mr. McFADDEN. In the Reichstag. I read:

"Do you think," Herr Stresemann asked the Nationalists, "that any member of the Government regards the Young plan as ideal? Do you believe that any individual can give a guaranty for its fulfillment? Do you believe that anybody in the world expects such a guaranty from us? The plan would only represent in the first place a settlement for the coming decade. The point is whether it loosens the shackles which fetter us and lightens the burdens which we have yet to fulfill."

I am citing this to show that here is apparently a precedent which is of very great moment affecting the validity of these reparation bonds.

In connection with the possible repudiation, I desire to quote from the February 15, 1930, issue of the London Economist, page 351, an article headed The Reichstag and the Young Plan, which refers to the bill then pending before the Reichsrath as the "Bill for the Enslavement of the German People," saying that this is as the German Nationalists have dubbed the bill to ratify the Young plan, and on the question of possible repudiation, I quote from this article following:

The most interesting contribution to the debate was the description by the Minister of Finance, Doctor Moldenhaur, of what would happen if Germany demanded a moratorium. The creditor powers would forthwith declare a moratorium for their payments to America, and the whole matter would then have to be fundamentally reconsidered. * * * The most doubtful point in this forecast is the suggested ability and willingness of the creditor powers to suspend payments to America. Whether such a moratorium were declared or not, it is perfectly plain that any fundamental revision of the Young plan settlement must depend on the attitude toward the war debts adopted by the United States, and it is well that Germany should realize that fact.

Press reports under date of February 24 indicate that—

The ratification by the Reichstag of the Young plan and Germany's various liquidation pacts may now be deferred until the middle of March owing to the Cabinet's inability to complete its program of financial reforms. Dr. Paul Moldenhauer, Minister of Finance, has not been able to find a solution to the vexed problem of meeting the old and new deficits with which he is confronted by the change in the present method of including unemployment doles in the regular budget. * * * The secret debate on the Young plan and the liquidation of the pacts which has been going on for the past 10 days in the joint sessions of the Reichstag's budget and foreign relations committees will be concluded this week, but no plan of agreement has yet been reached with respect to the proposal of having the liquidation pact with Poland linked up with the Young plan.

Competent legal authorities, among them Dr. Walter Simons, former president of the Reich supreme bench, allege that the terms of the German-Polish treaty involve a constitutional amendment. Such a procedure, Doctor Simons asserts, demands the sanction of the German people. As Doctor Curtius, the foreign minister, insists that the understanding with Poland should be ratified with the Young plan, there is the further prospect that the Government will not be able to clear its slate of the various complications in time to permit the second and third readings of its reparation laws before next week, and there is a strong possibility that the Reichstag may not reach a final vote before the middle of March.

This indicates that Germany is still struggling with the ratification of the Young plan.

So much for the Bank for International Settlements.

Now, in regard to the indicated change of Federal reserve policy referred to in the same article that noted the sailing of Governor Harrison, of the Federal Reserve Bank of New York, which indicated that the recent course of the foreign exchange market here has carried the price of a number of European currencies, notably the franc and the sterling, to levels little above those at which gold might be expected to flow here from abroad, and that banking authorities in this country are understood to be opposed to a movement of gold from Europe to the United States, and means to avert such a development will, it is thought, be discussed when Governor Harrison confers with the governors of the Bank of England and the Bank of France.

I insist that it would be more to the point and more to the best interests of the American people if this contemplated change in policy were inaugurated in the United States at this time rather than in London, Paris, or Rome where the central bank management are about to meet in connection with the organization of the Bank for International Settlements.

In speaking of the gold situation, the article further states that the recent period of high money rates and world-wide stock speculation, although it has been succeeded by a collapse of security prices and a general reduction of money rates, has left in its wake a number of difficult situations with respect to international credit conditions which also will come up for discussion during Governor Harrison's visit abroad; and in addition it states that the central banking authorities in this country desire to avoid an influx of gold to this market, and points, as the best way to avert such a gold flow, to the possible purchase of bills in the London market by the Federal Reserve Bank of New York.

In extenso, bankers are quoted as saying that they regard it as a possibility that a still further cut in the reserve rate may be ordered after while, not merely as a measure of cooperation with Europe but also to stimulate American business; and they point to the fact that there is some dispute, however, as to whether a lower discount rate will be either justified or efficacious, saying that a number of important bankers felt that present money rates give a false impression of the true condition of credit. All of which tends to indicate that we are on the eve of an important change in Federal reserve policy, which changes of late have come about as a result of conferences like the one that is now scheduled to take place in Europe.

And as further indicated in the article, to which I have just referred, to avoid the possible shipment of gold from England and Europe to the United States, we are about to purchase millions of dollars' worth of English bills. It seems to me that it is about time that we had a clarification of our views regarding the purpose and significance of our banking policy and its effect on the money market and upon general business. The crash of last October has taken stock prices and brokers' loans out of the field of Federal reserve activity, I hope, for all time; and the experience of the Federal reserve management in this respect has undoubtedly changed their inclination to govern its future banking policy by reference to the condition of the stock market. This situation does, however, tend to bring out the fact that the Federal reserve system should now adopt some definite working rule upon which to base and regulate, so far as possible, its discount and open-market policies.

A careful perusal of the financial statements of all member banks will show that the total loans and investments are about as high as they were prior to the deflation and that the total volume of Federal reserve credit at present outstanding has scarcely been diminished; and, of course, in this the direct question of future policy is involved. Therefore the management should look the situation squarely in the face and determine whether it is advisable to attempt a forcible restriction of Federal reserve credit, or whether it should, taking into consideration the business situation over the next few years, permit a further expansion of credit.

We may as well make up our minds that unless there is a great influx of gold into this country there will remain permanently outstanding for some time to come at least a minimum of $500,000,000 of Federal reserve credit. Whether this credit shall be in the form of rediscounts or investments is purely a matter of policy and not especially important. It is important, however, to know whether or not the Federal reserve system believes that it is advisable, and the thought has been running in the minds of some in the determination of policy, whether within the next few years we should not entirely curtail the use of Federal reserve credit. In this connection we should recognize the fact that if we should reduce the present outstanding Federal reserve credit, amounting to from a billion two hundred fifty million to a billion five hundred million, it would mean a contraction in the loans and investment of member banks of approximately $15,000,000,000. This presupposes, however, that there is not in the meantime imported or produced in this country a billion and a quarter to a billion and a half worth of gold.

In view of this situation, is it not important that some definite statement of the purpose of the open market and rediscount policies of the Federal reserve system be announced? An examination of recent Federal reserve operations would indicate that there is no present desire of the reserve banks to bring about a total elimination of reserve-bank credit.

During the late stock-market fiasco, the Federal reserve system pursued a policy toward reduction of member bank security loans to eliminate the use of Federal reserve credit in the stock market, and there was much discussion and many exaggerated notions regarding the effect of these outstanding security loans. I am sure that this experience has taught the Federal reserve management that the total volume of brokers' loans is not so important as is the stock price structure and the value of collateral upon which these loans are based. We are not hearing so much about brokers' loans as we did prior to the crash of last October since which crash the administration and the heads of big business have been conferring, and quite properly so, to overcome the shock of this financial debacle. For some time past certain important elements have indicated a great economical change, particularly in the constantly decreasing international and wholesale price levels. The constantly declining price levels on commodities in this country tends to mark and

confirm a material change in our conditions. There is nothing that will help more to rehabilitate business in this country and give it assurances abroad than an announcement by the Federal reserve management of the factor that will govern its future policy.

It is perfectly patent that the Federal reserve policy can not now be governed entirely by an effort to protect the gold reserve, because the reserve is now beyond our needs and far above the legal-reserve ratio; and from its recent experience I think it can be well said that it will not be their policy to control security loans. The thing the country wants to know is: What, then, will govern Federal reserve policy?

If the system is to pursue a policy which would result in the liquidation entirely of the present outstanding Federal reserve credit, it will mean higher interest rates in general and will tend to have a depressing effect upon prices, business, and industry, and will thus accentuate the further decline of the present lowering price levels. And it would seem, therefore, because of the present economic conditions that the future policy of the system must be to adopt a policy which will permit a gradual increase of credit so as to accommodate business and industry, at least to the existing price levels; and it would also seem that this policy must be based upon the assumption that neither a rising nor a general level of prices due to banking policy is desirable. It would seem clear to me that this is the lesson which the management of Federal reserve has had by a scrutinizing of their experiences during the past two years.

Much has been said regarding the inflation and deflation policy of the Federal reserve system of 1920 and 1921. We must recognize, however, that in this connection during this period the system was not free and was not permitted to work independently of the Treasury, as construed by the then Secretary of the Treasury, who felt that, in order to float the Victory loan, a certain amount of inflation was necessary which was followed immediately thereafter by the inevitable deflation of 1920 and 1921. It was during this period and shortly thereafter that the Federal reserve began to operate under new policies and newly discovered powers and new determinations governing Federal reserve policy.

We should remember, however, that the maintenance of the gold reserve ratio has never been the basis for the establishment of Federal reserve policy, and during the past two years the two factors to which I have already referred were paramount in the formation and carrying out of policy: First, the attempt to restore the gold standard in Europe in the summer of 1927 when the discount rate was lowered to 3½ per cent, which resulted in the shipment of $500,000,000 worth of gold to Europe and the release of an excessive amount of credit here; and, second, the attempt to prevent the diversion of the Federal reserve credit into the market, which culminated in the statement of the Federal Reserve Board on February 6, 1929, and was further carried out during the past summer.

I desire to read into the RECORD at this point a letter which I have just received from a professor of finance of the University of Pennsylvania, referring to a recent article of mine in the February 15 issue of the Saturday Evening Post, as follows:

UNIVERSITY OF PENNSYLVANIA,
Philadelphia, February 21, 1930.

HON. LOUIS T. MCFADDEN,
Chairman Committee on Banking and Currency,
House of Representatives, Washington, D. C.

DEAR MR. MCFADDEN: I am very much interested in your article Convalescent Finance appearing in the February 15 issue of the Saturday Evening Post. I was particularly impressed by your statement concerning the meddling of the Federal Reserve Board in the condition of the stock market, and also the influence of the foreign central banking officials on the decision reached by the Federal reserve authorities in determining their policies. I agree with you whole-heartedly on these two points. It seems to me that the Federal reserve authorities in their attempts to bring about a decrease in public participation in the securities market have brought about a business situation which is a great deal worse than was the speculation in the securities market. The evil effects of a depression, even though it be slight, are such that certainly a central banking system ought at all times to utilize its facilities in an effort to avert such a situation. The reserve authorities applied such violent methods to cure the disease speculation that the patient (business activity) was practically killed. In other words, the cure was worse than the disease.

I am of the opinion that the heads of our banking system are perhaps not quite as astute bankers as some of the managers of the central banks of Europe, and therefore extreme care should be used in entangling alliances or engagements with European central banks.

Articles such as yours will, I am sure, be helpful in bringing this important matter to the attention of the public. Incidentally you may be interested in learning that the reading of the article has been given as an assignment to the group taking the course in banking offered by this institution.

Very truly yours,

LUTHER HARR,
Assistant Professor of Finance.

This Saturday Evening Post article was on the financial crash of last October and also dealt with the international financial situation. Because of its bearing on this particular discussion, I am going to ask unanimous consent to insert it in the RECORD, as well as two additional articles pertaining to this same subject published on July 20 and October 19, 1929.

I also desire to insert in the RECORD at this point extracts of an editorial in the Financial Chronicle of February 22, 1930, commenting on my discussion of February 10 on this same subject:

After Mr. MCFADDEN'S address, the Journal of Commerce again referred to the subject, in its issue of February 14. This article we also reproduce, as follows:

"Chairman MCFADDEN, of the House Committee on Banking and Currency, has furnished, in an address on the floor of the House, a review of the objects and methods of those who are organizing the new International Bank, which ought to have the attention of everyone who is interested in the future welfare of our foreign trade, and of our domestic finance as well.

"We do not need to go into the specific details stated by Mr. MCFADDEN, or to consider the individual and firm names which he uses, to reach a conclusion that the general state of things which Mr. MCFADDEN complains of—viz, the surreptitious participation of the reserve banking system in an enterprise (the International Bank), for which it has no legal power of affiliation, and in which the President has already directed that no Federal reserve bank shall share—is unquestionably as described, and unquestionably serious. Mr. MCFADDEN gives a detailed story of events that have received practically no public attention whatever, but are of the greatest national significance. We may differ as we will about the League of Nations and the international debts, and a variety of other questions to which this matter is allied, but we can not doubt the absolute necessity of maintaining control of our own international relationships and of having them dealt with by qualified and authorized representatives of the public. That condition is not now being fulfilled, but quite the contrary.

"Mr. MCFADDEN quotes the statement of one of the officers of the local reserve bank (since denied by the latter, but amply confirmed by those who heard it as well as borne out by events), to the effect that the reserve banking system will act as correspondent to the new establishment, and will make 'important deposits of gold' in it. He further calls special attention to the fact that the statutes of the new establishment have been prepared in such a way as to avoid the necessity of getting any legislative sanction or support. Precisely the same statement is being made in England at this same time. Thus there is no reason to doubt the actual facts as set forth by Mr. MCFADDEN, and amply confirmed by many who are cognizant with them.

"In these circumstances it seems a shortsighted policy for the press to minimize Mr. MCFADDEN'S efforts or to sneer at the state of things to which he has called attention. It is, in fact, a real state of affairs which he sets forth, and the problem it presents is one that comes close to the very root of our whole present system of international, economic, and financial arrangements. Why should it not be fully discussed? Mr. MCFADDEN has done valuable work in directing attention to it."

It remains only to add, as emphasizing the need of getting implicit assurances that the gold holdings of the reserve banks are not, in large part or in small part, in the shape of deposits or otherwise, to be put at the command of the Bank for International Settlements; that Gates W. McGarrah, Federal reserve agent at New York, is to be the head of the International Settlements Bank; that W. Randolph Burgess, assistant reserve agent at New York, spent weeks in Europe last year to lend a helping hand in the organization of the new institution; and that last night George L. Harrison, at present governor of the Federal Reserve Bank of New York, sailed for Europe aboard the White Star liner *Majestic* for some unannounced purpose, yet one not unlikely to be associated with the setting up of the new institution. All this tends to establish such close and intimate relations with the International Bank that inasmuch as the reserve banks carry the entire gold reserves of the country, and it is a matter of such vital importance that these reserves shall not be trenched upon, it behooves every thoughtful person to see to it that the reserve banks maintain a position of absolute independence free from any alliance with the new institution in conformance with the order of the President and the Secretary of State.

I desire also to insert an editorial from the February 12 issue of the Baltimore Sun, as follows:

ABOVE THE BOARD

It is pleasing to hear Chairman MCFADDEN, of the House Banking and Currency Committee, voicing on the floor of Congress his convic-

tion that the United States is being hooked up with the International Bank, called for by the Young plan. It is not that this is necessarily a dangerous departure or that there is anything to sit up nights about in Mr. MCFADDEN's charge that "we are being led by a group of clever internationalists" and the house of Morgan. There is, indeed, a great deal that the International Bank can do in the field in international finance that can be most definitely helpful to the United States, and a good case can be made for direct and straightforward American participation in the effort.

The strength of Mr. MCFADDEN's remarks lies in the fact that they call to attention what is clearly recognized in most financial circles, namely, that the United States and its Federal reserve system is going to be involved in the International Bank's operations for all practical purposes, but that it is pussy footing in by the back door. If Mr. MCFADDEN can use his place in the House to clarify the true nature of this transaction, and thus strengthen the case for "open covenants openly arrived at," he can make a valuable contribution to the good cause of straightforward dealing.

The Federal reserve system should discontinue their attempt to control the flow of credit for speculative purposes and they should learn the lesson by a careful scrutiny of the results of such a policy during the past two years. I know that they disclaim the power to control speculation, and I have repeatedly said that it is beyond their control, and it is beyond their province, and not a proper action for them to attempt to control stock speculation.

On February 7, 1929, the day following the announcement by the Federal Reserve Board of their second warning in regard to the credit situation which marked a complete change of Federal reserve policy and established the policy of deflation, I said in a speech in the House, among other things that—

I do not understand at this time that the gold reserve is in danger, nor do I see any indication of a general rise in the commodity price level, and because of these facts, I do not think that the Federal reserve system should concern itself about the condition of the stock market or of the security loan market.

I desire to quote from a speech I delivered before the American Bankers' Association in Philadelphia on October 1, 1928, as follows:

"The Federal reserve system is charged with a grave responsibility in dealing with this situation because it would be easy for them to produce a business slump without intending to do so. In this connection, it is interesting to note the views of a leading British authority on the subject of finance, who is a student and close observer of our Federal reserve operations: 'I am now more concerned lest the Federal reserve authorities should accidentally bring about a general business depression by attempting to take action toward the stock markets which, however well meant, is not really compatible with the system's duty toward business. I think the Federal reserve system may have been quite right to try to frighten the speculators a few months ago, but this having failed, I think they would be much better advised to leave Wall Street alone and let it boil over of itself, rather than do things which, if continued, will certainly put at risk the general prosperity of the country * * *.'

"There is a tendency to pay too much attention to the spectacular action of the stock market. But we should remember that the business man, the worker, and the farmer are not greatly concerned as such about stock speculation. Their chief interest is in the continuity of business and of the stability of general prices, which serve as a guide to industrial activity and help to maintain employment, wages, and profits.

"I do not think that the Federal Reserve System should at the present time concern itself about security loans unless there is a tendency to speculation in commodities, which means a disturbance in the industrial mechanism. To disturb industry merely to prevent stock speculation seems to me to be unwarranted and would work a gross injustice upon the business man and the working man. This I suggest might be the result of an abortive attempt to restrict speculative and investment activities by banking policy."

I do not think, after what happened last October and the subsequent business depression, which began to show in certain important lines last June, that I need make any further comment at this time, as the very thing that I suggested might occur, has occurred. The system should profit by the experiences of the past two years.

I believe that there is a way to control the unwarranted diversion of credit for speculative purposes and that it can be done by restricting the limit upon the amount which banks may loan on particular stocks. This is a matter entirely in the hands and under the discretion of the banks of the country and not a Federal reserve matter, and this restriction can be regulated by the banks to cover speculative loans and not loans for legitimate business purposes. Such a regulation would tend to protect the solvency of individual banks throughout the country who, during times of stock boom prices, take stocks as collateral for loans at prices far exceeding their values. Such a policy of limiting local value on stocks would also have a tendency to reduce the great amount of fixed liquidation which takes place during every crash and tends to so upset the confidence of the country.

I insist that if the Federal reserve system is to properly pursue its policy of accommodating commerce and business by its control of member banks' reserves, and indirectly the volume of member-bank loans, it must get rid of the responsibility to adapt this policy to the control of stock speculation.

On several occasions during the past year I have invited the attention of the country to the possible danger of mixing our Federal reserve system and its policies with international policies and the International Bank. Matters now are proceeding at such a rapid pace in regard to such involvement that I do not think I should temporize any longer with this possibility, and I am, therefore, introducing two resolutions in the House to-day calling on the State Department and the Secretary of the Treasury, respectively, for full information in regard to this matter. I believe that this House and the country at large need to know the facts. [Applause.]

In further confirmation of what I have said I append here an article in to-day's New York Journal of Commerce headed "Broad Powers for Reparations Bank," being extracts from a speech delivered yesterday in New York City before the Bond Club by Jackson E. Reynolds, president of the First National Bank of New York, who was one of the two American experts to work out the details of organization of the Bank for International Settlements.

BROAD POWERS FOR REPARATIONS BANK SEEN BY REYNOLDS—FIRST NATIONAL CHAIRMAN OUTLINES SCHEME FOR WAR PAYMENTS—MAY BECOME DEPOSITORY OF WORLD'S GOLD—VISIONS COORDINATION OF CENTRAL INSTITUTIONS THROUGH INTERNATIONAL BANK

The coordination of the central banks of the world will be one of the major by-products of the formation of the Bank for International Settlements, declared Jackson E. Reynolds, chairman of the First National Bank, yesterday in an address before the luncheon meeting of the Bond Club. Mr. Reynolds was the chairman of the committee which drafted the charter of the International Bank.

He pointed out the possibility that the bank may gradually become the depository of the gold of the world or some part of it. Indicating that the bank will have the authority to borrow from and lend to central banks, he said that it is possible that such functions may be developed and come in time to resemble the interdistrict borrowings of the Federal reserve system. Furthermore, he continued, the bank will undoubtedly buy and sell long-term securities.

BANK'S LIMITATIONS

Although the bank will enjoy these broad powers, Mr. Reynolds pointed out, its operations nevertheless will be subject to various limitations indicated in the charter. Among these he included the provision that it may not undertake any operation in any country against the objection of the central bank of that country and the absence of acceptance powers to the bank. The bank will have no powers of note issue.

In the first part of his address Mr. Reynolds outlined the scheme under which the bank will be trustee for the transfer of reparations payments. This latter part of the address was given to the consideration of its additional powers. Respecting these, he declared in part:

"In the first place, one by-product of the institution will be to coordinate the central banks of the world. You can see it is a natural evolution, that the board of directors that will probably have on it most of the heads of the central banks of Europe, and some others from other parts of the world, who will be meeting ten times a year; for men that are engaged in central banking who have international problems and heretofore have not met very often, there will be a kind of a forum, from which a great deal of good will follow through coordination of the central banks' operations among themselves, in addition to what they accomplish through the bank itself.

"The bank has authority to buy and sell gold, and it is an interesting field of speculation to the extent in which its work in that domain will grow. The possibility of the bank gradually getting the confidence of the world, and having the gold of the world, or some part of it, deposited by the owners, and transferred by book credits and earmarks, indicates a very considerable potentiality for the saving of money in the loss of interest on gold in transit, the freight while it is moving, insurance, and other expenses which we have avoided in comparable ways in the Federal reserve system in America.

"The bank has authority to borrow from central banks and lend to central banks. Its operations in that respect will very possibly grow, as they have here in the borrowing and lending between the various districts of the Federal reserve system. They will inevitably deal with exchange in large volume, and in the lowering of the transfer rate of these reichsmarks into the currency of the various creditor powers who are to receive them.

"It will have a considerable power to attract permanent deposits which will find their place in long-term investments and will undoubtedly buy and sell securities of long maturity. It is supposed it will naturally deposit with a good many of the central banks, and receive deposits from a good many of the central banks. It will have agency relationships with the central banks of the world, in some cases acting as agent for them and in some cases their acting as agent for it. All of these are broad powers which time alone can tell the extent to which they will be extended."

WORLD WAR VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent for permission to have until Saturday night at midnight in which to file minority views on a bill reported from the Committee on World War Veterans' Legislation.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 3422. An act to authorize the Tidewater Toll Properties (Inc.), its legal representatives and assigns, to construct, maintain, and operate a bridge across the Patuxent River south of Burch, Calvert County, Md.; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5415. An act to legalize a bridge across the Choctawhatchee River between Hartford and Bellwood, Ala.;

H. R. 5573. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Niobrara, Nebr.;

H. R. 7260. An act authorizing Oscar Baertch, Christ Buhmann, Fred Reiter, and John W. Shaffer, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near Alma, Wis.;

H. R. 7631. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at Presidio, Tex.; and

H. R. 7828. An act granting the consent of Congress to the State of Montana or the county of Richland, or both of them, to construct, maintain, and operate a free highway bridge across the Yellowstone River at or near Sidney, Mont.

The SPEAKER also announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 117. Joint resolution for the relief of farmers in the storm, flood, and/or drought-stricken areas of Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Ohio, Oklahoma, Indiana, Illinois, Minnesota, North Dakota, Montana, New Mexico, and Missouri.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President for his approval bills of the House of the following titles:

On February 21, 1930:

H. R. 1018. An act to provide for the establishment of a Coast Guard station at or near Grand Rapids, Mich.

On February 26, 1930:

H. R. 5415. An act to legalize a bridge across the Choctawhatchee River between Hartford and Bellwood, Ala.;

H. R. 5573. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Niobrara, Nebr.;

H. R. 7260. An act authorizing Oscar Baertch, Christ Buhmann, Fred Reiter, and John W. Shaffer, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near Alma, Wis.;

H. R. 7631. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at Presidio, Tex.; and

H. R. 7828. An act granting the consent of Congress to the State of Montana or the county of Richland, or both of them, to construct, maintain, and operate a free highway bridge across the Yellowstone River at or near Sidney, Mont.

ADJOURNMENT

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Thursday, February 27, 1930, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Thursday, February 27, 1930, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON APPROPRIATIONS

(10.30 a. m.)

Navy Department appropriation bill.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

To consider general legislation before the committee.

COMMITTEE ON THE JUDICIARY

(10 a. m.)

Proposing an amendment to the Constitution of the United States (H. J. Res. 114, H. J. Res. 11, H. J. Res. 38).

Proposing an amendment to the eighteenth amendment of the Constitution (H. J. Res. 99).

Proposing an amendment to the Constitution of the United States providing for a referendum on the eighteenth amendment thereof (H. J. Res. 219).

Proposing an amendment to the eighteenth amendment of the Constitution of the United States (H. J. Res. 246).

COMMITTEE ON BANKING AND CURRENCY

(10.30 a. m.)

To consider branch, chain, and group banking as provided in House Resolution 141.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

344. A letter from the Secretary of War, transmitting draft of a bill to authorize appropriations for Field Artillery instruction activities; to the Committee on Military Affairs.

345. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment under the Architect of the Capitol for the fiscal year 1931, in the sum of $116,395 (H. Doc. No. 305); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. EVANS of Montana: Committee on the Public Lands. H. R. 8713. A bill granting land in Wrangell, Alaska, to the town of Wrangell, Alaska; without amendment (Rept. No. 757). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOUSER: Committee on Pensions. H. R. 6997. A bill granting pensions to the crews of vessels owned or chartered by the United States and engaged in the transportation of troops, supplies, ammunition, or materials of war during the war with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes; without amendment (Rept. No. 758). Referred to the Committee of the Whole House on the state of the Union.

Mr. SNELL: Committee on Rules. H. Res. 169. A resolution providing for the consideration of H. R. 7998, H. R. 8361, H. R. 9553, and H. R. 9592, all bills reported by the Committee on the Merchant Marine and Fisheries; without amendment (Rept. No. 759). Referred to the House Calendar.

Mr. HALL of Indiana: Committee on the District of Columbia. H. R. 6595. A bill authorizing the exchange of 663 square feet of property acquired for the park system for 2,436 square feet of neighboring property, all in the Klingle Ford Valley, for addition to the park system of the National Capital; without amendment (Rept. No. 760). Referred to the House Calendar.

Mr. HALL of Indiana: Committee on the District of Columbia. H. R. 6596. A bill to effect the consolidation of the Turkey Thicket Playground, Recreation, and Athletic Field; without amendment (Rept. No. 761). Referred to the House Calendar.

Mr. HAUGEN: Committee on Agriculture. H. J. Res. 153. A joint resolution to correct section 6 of the act of August 30, 1890, as amended by section 2 of the act of June 28, 1926; without amendment (Rept. No. 769). Referred to the House Calendar.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 9845. A bill to authorize the transfer of Government-owned land at Dodge City, Kans., for public-building purposes; with amendment (Rept. No. 771). Referred to the House Calendar.

Mr. HAUGEN: Committee on Agriculture. H. J. Res. 200. A joint resolution authorizing acceptance of a donation of land, buildings, and other improvements in Caddo Parish, near Shreve-

port, La.; without amendment (Rept. No. 770). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 9483. A bill to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site and the construction and equipment of a building thereon for use as a constant-frequency monitoring radio station, and for other purposes"; without amendment (Rept. No. 772). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. SCHAFER of Wisconsin: Committee on Claims. H. R. 887. A bill for the relief of Mary R. Long; with amendment (Rept. No. 762). Referred to the Committee of the Whole House.

Mr. BOX: Committee on Claims. H. R. 1825. A bill for the relief of David McD. Shearer; with amendment (Rept. No. 763). Referred to the Committee of the Whole House.

Mr. COLTON: Committee on the Public Lands. H. R. 3203. A bill to authorize the city of Salina and the town of Redmond, State of Utah, to secure adequate supplies of water for municipal and domestic purposes through the development of subterranean water on certain public lands within said State; with amendment (Rept. No. 764). Referred to the Committee of the Whole House.

Mr. HAUGEN: Committee on Agriculture. H. R. 6209. A bill for the relief of Dalton G. Miller; without amendment (Rept. No. 765). Referred to the Committee of the Whole House.

Mr. HAUGEN: Committee on Agriculture. H. R. 6210. A bill to authorize an appropriation for the relief of Joseph K. Munhall; without amendment (Rept. No. 766). Referred to the Committee of the Whole House.

Mr. HAUGEN: Committee on Agriculture. H. R. 6211. A bill for the relief of A. H. Cousins, district fiscal agent, United States Forest Service; without amendment (Rept. No. 767). Referred to the Committee of the Whole House.

Mr. SWING: Committee on the Public Lands. H. R. 9169. A bill for the relief of the successors of Luther Burbank; with amendment (Rept. No. 768). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 4177) granting an increase of pension to Martha E. Daugherty; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 10181) granting an increase of pension to Thomas S. Garen; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 10269) for the relief of Sterrit Keefe; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PARKER: A bill (H. R. 10288) to regulate the transportation of persons in interstate and foreign commerce by motor carriers operating on public highways; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Washington: A bill (H. R. 10289) to provide quota limitations for certain countries of the Western Hemisphere, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SEIBERLING: A bill (H. R. 10290) authorizing certain importers of sugar into the United States from the Argentine Republic during the year 1920 to submit claims to the Court of Claims; to the Committee on Agriculture.

By Mr. VINSON of Georgia: A bill (H. R. 10291) authorizing the State Highway Board of Georgia, in cooperation with the State Highway Department of South Carolina, the city of Augusta, and Richmond County, Ga., to construct, maintain, and operate a free highway bridge across the Savannah River at or near Fifth Street, Augusta, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. GRIFFIN: A bill (H. R. 10292) to amend the longshoremens and harbor workers' compensation act; to the Committee on the Judiciary.

By Mr. DOMINICK: A bill (H. R. 10293) to provide for the inspection of the battle field of Star Fort, S. C.; to the Committee on Military Affairs.

By Mr. CARTER of Wyoming: A bill (H. R. 10294) to confer upon the States of Wyoming, Montana, and Idaho the right to tax certain properties in Yellowstone National Park; to the Committee on the Public Lands.

By Mr. EDWARDS: A bill (H. R. 10295) to provide for investigations and experiments in preserving and shipping watermelons, cantaloupes, and other truck crops, by the Secretary of Agriculture, for use in domestic and foreign trade, and for securing new and better markets therefor; to the Committee on Agriculture.

By Mr. COCHRAN of Missouri: A bill (H. R. 10296) to provide for the use of the U. S. S. *Olympia* as a memorial to the men and women who served the United States in the war with Spain; to the Committee on Naval Affairs.

By Mr. DUNBAR: A bill (H. R. 10297) providing for the payment of civilian employees of the Government for any period of suspension from duty while under unsustained charges of official misconduct; to the Committee on the Civil Service.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of Legislature of the State of New Jersey memorializing the Congress of the United States to authorize and direct United States Shipping Board to sell all those properties situated in the city of Hoboken, N. J., relative to sale of docks in Hoboken; to the Committee on the Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 10298) granting back pension due John J. Hagarty; to the Committee on Pensions.

By Mr. CARLEY: A bill (H. R. 10299) granting a pension to Otto A. Granholm; to the Committee on Pensions.

By Mr. CHALMERS: A bill (H. R. 10300) for a preliminary examination and survey of the Maumee, Wabash, and St. Marys Rivers in Indiana and for the construction of a canal; to the Committee on Rivers and Harbors;

By Mr. CRAIL: A bill (H. R. 10301) for the relief of certain officers of the United States Public Health Service; to the Committee on Claims.

Also, a bill (H. R. 10302) granting a pension to Charles S. Durbin; to the Committee on Pensions.

Also, a bill (H. R. 10303) granting a pension to Clyde O. McDaniel; to the Committee on Pensions.

By Mr. CROSSER: A bill (H. R. 10304) granting a pension to Michael R. Patchan; to the Committee on Pensions.

By Mr. DOMINICK: A bill (H. R. 10305) for the relief of W. H. Hughs; to the Committee on Claims.

Also, a bill (H. R. 10306) for the relief of Henry I. Power; to the Committee on Military Affairs.

Also, a bill (H. R. 10307) for the relief of Hugh Hilburn; to the Committee on Military Affairs.

By Mr. DUNBAR: A bill (H. R. 10308) for the relief of A. H. Lamppin; to the Committee on Claims.

By Mr. FITZGERALD: A bill (H. R. 10309) for the relief of Bernis Brien; to the Committee on Claims.

By Mr. HUGHES: A bill (H. R. 10310) for the relief of Samuel Pelfrey; to the Committee on Military Affairs.

By Mr. HULL of Wisconsin: A bill (H. R. 10311) granting a pension to Cora E. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10312) for the relief of George W. Bryant; to the Committee on Military Affairs.

Also, a bill (H. R. 10313) granting a pension to Charlotte C. Oliver; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10314) granting a pension to Bertha Rusco; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 10315) granting a pension to Charles Chestnut; to the Committee on Pensions.

Also, a bill (H. R. 10316) granting an increase of pension to Jane Cooper; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H. R. 10317) for the relief of Samuel S. Michaelson; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 10318) granting an increase of pension to Margaret F. Sanderson; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 10319) granting an increase of pension to Livonia Perkins; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 10320) granting an increase of pension to Margaret Lloyd; to the Committee on Invalid Pensions.

By Mrs. OWEN: A bill (H. R. 10321) granting an increase of pension to Nancy L. Williams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10322) granting an increase of pension to Sarah C. Babcock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10323) for the relief of Henry C. Sexton; to the Committee on War Claims.

Also, a bill (H. R. 10324) for the relief of certain purchasers of lots in Harding town site, Florida; to the Committee on the Public Lands.

By Mr. PERKINS: A bill (H. R. 10325) for the relief of persons who furnished labor, material, or money for the construction of the Barling bomber; to the Committee on Claims.

By Mr. RANSLEY: A bill (H. R. 10326) for the relief of William H. Stroud; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 10327) granting a pension to Richard Payne; to the Committee on Pensions.

By Mr. SCHNEIDER: A bill (H. R. 10328) to authorize the Secretary of the Treasury to pay to Simon Kahquados, chief of the Wisconsin and Michigan Band of Potawatomie Indians, the sum of $5,000 for services rendered his tribe; to the Committee on Indian Affairs.

Also, a bill (H. R. 10329) authorizing the Secretary of War to cause a preliminary examination and survey of Oconto Harbor, in the State of Wisconsin; to the Committee on Rivers and Harbors.

By Mr. SEIBERLING: A bill (H. R. 10330) granting a pension to Mary Calkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10331) granting a pension to Addie Calkins; to the Committee on Invalid Pensions.

By Mr. SIMMONS: A bill (H. R. 10332) granting a pension to Louisa E. Stoddard; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 10333) granting an increase of pension to Leonora W. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10334) granting an increase of pension to Eliza M. Bagley; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 10335) granting an increase of pension to Emma J. Mahaffey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10336) granting an increase of pension to Aleathia E. Strine; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 10337) granting an increase of pension to Margaret E. Frazier; to the Committee on Invalid Pensions.

By Mr. WOLVERTON of New Jersey: A bill (H. R. 10338) granting an increase of pension to Sarah F. Grime; to the Committee on Invalid Pensions.

By Mr. WOLVERTON of West Virginia: A bill (H. R. 10339) granting an increase of pension to Virginia C. Montgomery; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5085. By Mr. BAIRD: Memorial of city commission of the city of Sandusky, Erie County, Ohio, urging the enactment of House Joint Resolution 167; to the Committee on the Judiciary.

5086. By Mr. BLOOM: Petition of citizens of Nashville, Tenn., opposing the calling of an international conference by the President of the United States, or the acceptance by him of an invitation to participate in such a conference, for the purpose of revising the present calendar, unless a proviso be attached thereto definitely guaranteeing the preservation of the continuity of the weekly cycle without the insertion of the blank days; to the Committee on Foreign Affairs.

5087. By Mr. BRUNNER: Petition of the Corporal John Ruoff Post urging Congress to retain The Star-Spangled Banner as the national anthem of the United States; to the Committee on the Judiciary.

5088. By Mr. CHINDBLOM: Petition of C. S. Kennedy and 55 other citizens of Chicago, Ill., indorsing House bill 2562 and Senate bill 476 providing increased pensions for Spanish-American War veterans; to the Committee on Pensions.

5089. By Mr. COLTON: Petition of certain citizens of Utah urging the passage of legislation for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

5090. By Mr. CONNOLLY: Petition of the Jacquard Beneficial Union, No. 1, of Philadelphia, Pa., protesting against the methods used by the A. C. Sanford Co., of Montgomery, Ala., in employing labor for the construction of the United States veterans' hospital, at Coatesville, Pa.; to the Committee on Labor.

5091. By Mr. COOPER of Wisconsin: Memorial of members of Edwin L. Jones Post, No. 91, American Legion, Oconomowoc, Wis., urging the passage of House bill 7389 providing for the redemption in payment of all outstanding adjusted-service certificates in cash on and after March 1, 1930; to the Committee on Ways and Means.

5092. Also, memorial of the Polish White Eagle Society branch of Polish National Alliance of Kenosha, Wis., urging the enactment of House joint resolution 167 directing the President of the United States to proclaim October 11 of each year as General Pulaski memorial day; to the Committee on the Judiciary.

5093. By Mr. COYLE: Resolution of the common council of the city of Bethlehem, Northampton County, Pa., urging the enactment into law of House Joint Resolution 167, directing the President to proclaim October 11 of each year as General Pulaski memorial day; to the Committee on the Judiciary.

5094. By Mr. DAVIS: Petition of citizens of Tullahoma, Tenn., in behalf of Senate bill 476 and House bill 2562, providing for increased rates of pension to the men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

5095. By Mr. DEMPSEY: Petition signed by 74 residents of Buffalo, N. Y., urging speedy consideration and passage of House bill 2562; to the Committee on Pensions.

5096. By Mr. GAMBRILL: Petition of citizens of Gambrills, Md., favoring the passage of Senate bill 476 and House bill 2562 for the relief of Spanish-American War veterans and their dependents; to the Committee on Pensions.

5097. By Mr. GREEN: Petition of citizens of O'Brien, Suwannee County, Fla., urging passage of House bill 2562, providing for an increase of Spanish-American War pensions; to the Committee on Pensions.

5098. Also, petition of citizens of Ocala, Fla., urging passage of House bill 2562 granting increase of pensions to Spanish-American War veterans; to the Committee on Pensions.

5099. By Mr. HANCOCK: Petition of P. Sydney Hand and other residents of Onondaga County, N. Y., favoring increased pensions for Spanish War veterans; to the Committee on Pensions.

5100. By Mr. KVALE: Petition of 52 residents of Osakis, Minn., urging speedy enactment of House bill 2562; to the Committee on Pensions.

5101. By Mr. LEA of California: Petition of John A. Anderson and 30 other citizens of Petaluma, Calif., and vicinity, urging passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

5102. By Mr. MAPES: Petition of 21 residents of North Park, Grand Rapids, Mich., recommending the early enactment by Congress of Senate bill 476 and House bill 2562 proposing increased rates of pension to veterans of the war with Spain; to the Committee on Pensions.

5103. By Mr. NEWHALL: Petition of Louis J. Weiss and 81 other citizens of Kenton County, Ky., urging the speedy consideration and passage of House bill 2562 and Senate bill 476 providing for increased rates of pension to the men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

5104. By Mr. O'CONNELL of New York: Petition of the Spanish Royal Mail Line Agency (Inc.), New York City; Selma Mercantile Corporation, New York City; and Alatary Mica Co. (Inc.), New York City, favoring the passage of the Linthicum-Moses bill, S. 292; to the Committee on Foreign Affairs.

5105. Also, petition of the trustees of the New York Public Library, office of the secretary, New York City, with reference to section 305 of House bill 2667; to the Committee on Ways and Means.

5106. Also, petition of New York State Farm Bureau Federation, Ithaca, N. Y., favoring the passage of House bill 8870 and Senate bill 3216, the Capper-Kelly bill, for increased Federal aid to the States for the advancement of agricultural extension; to the Committee on Agriculture.

5107. Also, petition of the Better Business Bureau of New York City, favoring the passage of House bill 9769 providing for an enforceable law against commercial bribery in interstate commerce; to the Committee on the Judiciary.

5108. By Mr. OLIVER of New York: Petition of the trustees of the New York Public Library, regarding the interpretation of section 305 of House bill 2667, prohibiting the importation of printed matter dealing with treason or insurrection; to the Committee on Ways and Means.

5109. By Mr. PEAVEY: Petition of citizens of Superior, Wis., in behalf of the bill to increase pensions for veterans of the Spanish War; to the Committee on Pensions.

5110. By Mr. FRANK M. RAMEY: Petition of Lena M. Ramey and Ruth Reynolds, of Hillsboro, Ill., and other residents of the twenty-first district of Illinois, urging increased rates of pension to the men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

5111. By Mr. RANSLEY: Petition of citizens of Philadelphia, Pa., urging speedy consideration and passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

5112. By Mr. ROMJUE: Petition of Ralph L. Smith, J. M. Gates, Dr. F. L. Bigsby, and others, of Kirksville, Adair County, Mo., asking for passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

5113. By Mr. SIMMONS: Petition of 36 citizens of Long Pine, Ainsworth, Newport, and Chadron, Nebr., also copy of resolution adopted by the City Council of Long Pine, Nebr., asking speedy consideration and passage of pending bills providing for increased rates of pension to the men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

5114. By Mr. STALKER: Petition of the citizens of Elmira, N. Y., and Ithaca, N. Y., urging Congress for the passage of the bill exempting dogs from vivisection in the District of Columbia or in any of the Territorial or insular possessions of the United States; to the Committee on the District of Columbia.

5115. Also, petition of the citizens of Owego, N. Y., urging Congress for the passage of Senate bill 476 and House bill 2562, providing for increased rates of pension to the men who served in the armed forces of the United States during the Spanish War; to the Committee on Pensions.

5116. Also, petition of the citizens of the District of Columbia, urging Congress for the passage of Senate bill 476 and House bill 2562, providing for an increase in pension for the veterans of the Spanish War; to the Committee on Pensions.

5117. Also, petition of the citizens of Tompkins County, urging Congress for the passage of Senate bill 476 and House bill 2562, providing for increased rates of pension to the men who served in the armed forces of the United States during the Spanish War; to the Committee on Pensions.

5118. By Mr. STRONG of Kansas: Petition of Addie E. Anderson and other citizens of Concordia, Kans., urging immediate enactment of legislation to increase the pensions of Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

5119. By Mr. SWING: Petition of several hundred of the voters of the eleventh congressional district of California, urging the exemption of dogs from vivisection; to the Committee on the District of Columbia.

5120. Also, petition of 28 of the residents of the eleventh congressional district of California, urging the passage of the Robsion-Capper school bill; to the Committee on Education.

5121. By Mr. WOOD: Petition of citizens of Gary, Ind., asking legislation granting increased rates of pension for soldiers of the Spanish-American War; to the Committee on Pensions.

SENATE

THURSDAY, *February 27, 1930*

(Legislative day of Monday, January 6, 1930)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senator from Washington [Mr. JONES] is entitled to the floor.

Mr. FESS. Will the Senator yield to me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Ohio for that purpose?

Mr. JONES. I do.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Copeland	Hale	McNary
Ashurst	Couzens	Harris	Metcalf
Baird	Cutting	Harrison	Moses
Barkley	Dale	Hastings	Norbeck
Bingham	Deneen	Hatfield	Norris
Black	Dill	Hawes	Nye
Blaine	Fess	Hayden	Oddie
Blease	Fletcher	Hebert	Overman
Borah	Frazier	Heflin	Patterson
Bratton	George	Howell	Phipps
Brock	Glass	Johnson	Pine
Brookhart	Glenn	Jones	Pittman
Broussard	Goff	Keyes	Ransdell
Capper	Goldsborough	La Follette	Robinson, Ind.
Caraway	Greene	McCulloch	Robsion, Ky.
Connally	Grundy	McKellar	Schall
Sheppard	Steiwer	Townsend	Walsh, Mass.
Shortridge	Stephens	Trammell	Walsh, Mont.
Simmons	Sullivan	Tydings	Waterman
Smith	Swanson	Vandenberg	Watson
Smoot	Thomas, Idaho	Wagner	Wheeler
Steck	Thomas, Okla.	Walcott	

Mr. SHEPPARD. I desire to announce that the junior Senator from Utah [Mr. KING] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

I also desire to announce the necessary absence of the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED], who are delegates from the United States to the Naval Arms Conference meeting in London, England.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is unavoidably absent. This announcement may stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MEMORIALS

The VICE PRESIDENT laid before the Senate the memorial of Division No. 794, the Amalgamated Association of Street and Electric Railway Employees of America, of Wichita, Kans., remonstrating against the passage of the bill (S. 2559) to provide for the diversification of employment of Federal prisoners, for their training and schooling in trades and occupations, and for other purposes, which was referred to the Committee on the Judiciary.

He also laid before the Senate the memorial of the faculty of the Dropsie College for Hebrew and Cognate Learning, of Philadelphia, Pa., remonstrating against any change in the existing calendar which would contain the device of a blank day or any other device whereby the days of the week would be altered and the continuity of the Sabbath disarranged, which was referred to the Committee on Foreign Relations.

BUYING OF WHEAT FROM COOPERATIVES

Mr. WHEELER. Mr. President, I ask unanimous consent to have inserted in the RECORD a telegram from the Equity Cooperative Association, Farmington, Mont., with reference to the action of the National Grain Corporation in buying wheat from member cooperatives. I hold in my hand 16 other telegrams, which are almost identical, the signatures to which I also ask may be printed in the RECORD.

There being no objection, the telegram referred to was ordered to be printed in the RECORD, as follows:

FARMINGTON, MONT., *February 27, 1930.*

B. K. WHEELER,
Washington, D. C.:

The action of the National Grain Corporation and/or Federal Farm Board in buying wheat only from member cooperatives is in our opinion disastrously discriminating and contrary to American principles of fair trade. This policy not effective relief all farmers as many towns have no cooperatives, and independents and stock companies serve them though they do not come under limits of cooperative act. Use of public moneys for favorites is contrary to American principles; can only result disastrously. We vigorously protest such action as unfair means of forcing farmers and cooperative elevators into the Federal farm program whether they want to or not. We find our farmers strongly protesting and not in favor Farm Board's policy.

EQUITY COOPERATIVE ASSOCIATION.

The signatures to the 16 other telegrams, all from the State of Montana, are as follows:

The Joplin Grain Co., of Joplin; the Farmers' Elevator Co., of Dutton; the Equity Cooperation Association, of Hobson; the Equity Cooperation Association, of Ulm; the Judithgap Elevator Co., of Judithgap; John Murden, of Salem; the W. C. Mitchell Co., of Great Falls; R. S. Oday, of Great Falls; Charles Norning, of Ulm; C. L. Crane, of Great Falls; J. F. Oday, of Great Falls; W. W. Bowman, of Salem; P. A. Standley, of Ulm; John Rickert, of Ulm; Judithgap Elevator Co., of Oxford; and the Acme Elevator Co., of Acme.

REPORTS OF NOMINATIONS

As in open executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported the nominations of sundry officers in the Diplomatic and Foreign Service, which were placed on the Executive Calendar.

Mr. PHIPPS, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 3749) for the relief of Inez C. Salazar; to the Committee on Claims.